

Transport on shifting road goods the railways alleged

Transport and General Workers' Union is alleged to have threatened to "black" companies to change goods traffic from road to rail according to evidence in confidential papers among the railway unions, the which represents Britain's lorry has warned companies unofficially that members' retaliatory action would affect distribution and production capabilities.

'blackening' of customs depot by dockers

Christopher Thomas, a lorry driver, said that companies have threatened with union action if they attempt to shift goods traffic from road to rail. He said that the TGVU and hope to survive. The issue is viewed with alarm by officials of the National Union of Railwaymen, the biggest of the rail unions, and the Association of Locomotive Engineers and Firemen (Aslef), the drivers' union. According to the Railway Investigation Society, a pressure group, companies that have abandoned plans to switch traffic from road to rail include Rowan, Macintosh, which was prepared to send scores of tons of confectionery a day by rail from York to Norwich. It states: "The British Leyland car train from Cowley to Bathgate (Scotland) has been stopped and the proposal to move grain by rail to the new Courage brewery in Reading has been rejected due to TGVU pressure. The Greater London Council has also been involved. It said in a report of a survey of several businesses that three companies had indicated that there were constraints on switching traffic from road to rail because of likely reaction from lorry drivers' unions. "The attitude of the unions is added," it is clearly an important factor in any large movement of traffic from road to rail. The three companies named were Bass Charrington, Hoover and British Road Services. British Rail, which also took part in the survey, reported that there had been consistent reference to the protective attitude of the road transport trade unions towards jobs in the industry. It added: "In most cases, arguments about fuel economy and the environment yielded no way even where a shortage of drivers existed. The intention is to protect jobs, not necessarily persons."



Four Royal Navy Phantom jets flying over London past the Post Office tower yesterday as part of the Royal Tournament preview display

Signs of progress as Salisbury talks end

From Frederick Cleary Salisbury, July 10
The Anglo-American settlement team of Mr John Graham from the Foreign Office and Mr Stephen Low, the United States Ambassador to Zambia, left Salisbury today after what appear to have been substantive and successful talks with the Rhodesian Government, African nationalist groups and other interested parties. The envoys ended their busy programme in further talks with senior government officials. They also had a short meeting with Mr Ian Smith, the Prime Minister. One important point which has emerged from the discussions is the apparent Rhodesian acceptance of a British-controlled transitional government. It is the overall constitutional objective as indicated by Dr Owen, the Foreign Secretary, is successful. According to sources close to the talks team the transition period from the present Government to one emerging from a general election would be from three to six months. Previously the Rhodesians objected to direct British rule in any form but it is understood that this factor has now been described as the "least controversial" of the main issues covered. Mr Graham flew to Maputo this afternoon to try to persuade Mr Robert Mugabe of the Patriotic Front to adopt a more conciliatory attitude to the Anglo-American proposals than he and his co-leader, Mr Joshua Nkomo, have hitherto shown. Mr Low returned to Lusaka. Before they left, both envoys gave the impression that they had made considerable headway, although crucial matters are still unresolved. The transition period would involve British control by way of a figurehead and a staff to organize and control a majority rule, one man one vote, general election. Mr Graham said this period would be difficult as had been realized at the ill-fated Geneva conference. "But our proposals are shorter, more clear cut, and I don't think they are insoluble," Mr Graham said. The field of law and order presents difficulties. All sides agree that the transfer of power must be orderly and there should be a ceasefire, but no one can be certain that all the guerrillas would accept a ceasefire order. Sources close to the talks said that although the existing Rhodesian security forces were first class and apolitical, their commanders were treated with suspicion and even hostility by most of the nationalists. One proposition is that the senior officers of all the present security forces should retire, to be replaced by more acceptable officers but the general security force structure would remain. The Zimbabwe development fund featured prominently in the talks and a sum of \$150m (£90m) is now regarded as the

Pay claims multiply on eve of TUC talks with Chancellor

By Tim Jones and Caroline Addison
The Chancellor of the Exchequer will meet the TUC economic committee tomorrow to formulate a policy that would secure some continued pay restraint. The meeting will be held against a background of demands from powerful groups of workers that would end Mr Healey's hopes of limiting claims to 10 per cent. Two days later he is expected to announce a package of economic measures. Shop stewards representing 20,000 manual workers in Birmingham have said they expect 20 per cent pay claims to be signed before their current agreement ends on November 1. On Friday, Ford management will be presented with a similar demand on behalf of 50,000 hourly-paid workers. Mr Sidney Harcourt, a senior shop steward at Ford Dagenham, said last night that the company had agreed that the workers could press for immediate negotiations if the social contract failed to hold. The Ford shop stewards believe the contract is dead. They will be pressing for a deal from August 1 instead of waiting for their agreement to end on October 21. Leyland car workers have demonstrated their readiness to take industrial action because of frustration over restraint. The Ford workers claim will be for 15 per cent on wages and a reduction in working hours and better shift pay and pen-

Farmers predicting greatly improved harvest this year

By Hugh Clayton
Agricultural Correspondent
British agriculture is poised to make an important contribution to curbing inflation with a harvest that is certain to be much better than last year's. Although it is far too early to predict yields, some of the latest reports in the crop survey conducted by The Times suggest a very positive picture. The shortages of potatoes, grass and fodder crops that pushed up costs to farmers and householders last year will not be repeated on the same scale in 1977. Some crops are still suffering from the cold and wet planting season but others have recovered completely. A sample of comments from farmers in the survey suggests that, despite difficulties in the pig trade and the threat of new taxes, many farmers are quickly recovering the confidence they have lacked for the past two years. Central Cornwall: "Complete opposite of 1976. Plenty of grass because of rain, but for some reason very patchy harvest, although excellent first and second cuts of silage. North Somerset: "All crops looking exceptionally well with prospects of a very good harvest." South Hampshire: "A much better prospect than at this time in 1976." East Sussex: "All corn has improved since last report and so far is disease-free." Derbyshire: "All crops looking very well with very little disease of any kind. Recovery in past few weeks remarkable." South Wiltshire: "Wheat looks better than I have ever seen it." South Lancashire: "In my first report I gave growth two weeks late. All crops are now well grown and are very healthy." Warwickshire: "Really a positive relief after last year's disaster, and we are all set for a super harvest." North Cheshire: "Given good weather for harvest, this year should be one of the best ever." Bedfordshire: "I don't recall the cereals looking so full of promise at this time." Cumbria: "Lowland areas have harvested excellent crops of glaze and hay." North east Powys: "Have never seen lambs putting on weight so well." The contrast with 1976 is underlined by the unhappiness of some Scottish farmers. Last year many of them prospered during the drought, but burnt off the grass and reduced grain and other yields in England and Wales. A contributor who farms just to the north of the Forth of Firth gives a rating of 100 this month for all of his crops: that figure represents healthy condition, full growth and freedom from injury. But on Bute: "We are feeling the effect of the long, dry spell, very hot and grass burning up." To the south west, near the far west of Dumfries and Galloway: "This is the third dry season and rain is desperately needed soon. This area has been affected by drought earlier than last year. Silage and hay crops are well

Hundreds of Howards honour poet ancestor

From Philip Howard
Framingham
More Howards than a cautious man would care to shake a stick at assembled at Framingham in Suffolk on Saturday to commemorate one of the most brilliant and unfortunate members of their proud family. He was Henry Howard, Earl of Surrey, the poet, soldier, and "most foolish proud boy in England", who was executed in 1547 at the age of 30 on fabricated charges of high treason. In his brief life before he committed the expensive conceit of quarantining the royal arms in his armorial bearings he achieved much. He introduced the sonnet and blank verse into English from Italian. He was a fine, fiery soldier, a Knight of the Garter, and Earl Marshal of England at the trial of his cousin, Anne Boleyn. He married Henry VIII's daughter Mary. Howard pride cut him down. His youngest son erected a magnificent family tomb for him in the church of St Michael, Framingham, a major seat of the earls and dukes of Norfolk from the conquest to the Commonwealth. The present Duke of Norfolk has repaired, redecorated and regilded the dishevelled tomb in an act of family pride and loyalty. Everyone called Howard to a service of reconciliation. About 500 people turned up, most of them called Howard. In spite of more recent pretensions, their name in Anglo-Saxon sources were howards, or pigmen. The service was designed to forget the religious differences that cost the family dear and divided England for four and a half centuries. It was a savage Tudor injustice, and give thanks for the brilliance of the poet earl, who was reckoned their finest poet by his contemporaries. The most conspicuous common ancestor of Howards on the scene are their long thin faces, their great beaks and loud voices. Seldom have responses been so loudly and self-confidently made in church. The original Henry Howard, a poet, soldier, and lawyer, was probably also, to judge from his hot temper, the loud voice. The ecclesiastical service in the parish church beside the great medieval castle of the Howards was taken by Dr Leslie Brown, Anglican Bishop of St Edmundsbury and Ipswich, Dr Alan Clark, Roman Catholic Bishop of East Anglia, and the Rev David Pitcher, the Rector. The Earl of Arundel and Surrey read Henry Howard's poem addressed to Martial on the means to attain happy life. It praises the quiet mind, no grudge, no strife, "the household of continuance", and other admirable virtues that Henry Howard found easier to recommend in verse than to practise in his life. The Duke of Norfolk, who read the lesson, said afterwards: "This is a wonderful occasion for us kinsmen all to meet together and bury our ancient religious divisions. The Howards went off to a family lunch, and looked as though they agreed with the family poet that moderation was good in principle, but that when it came to being called Howard you could not have too much of a good thing."

ab hijackers surrender after disowning leader

Ab hijackers, July 10.—The 48-rama of a Kuwaiti aircraft hijacked by four Arab hijackers peacefully here today. The six Arab hijackers, who were held by the and the British air crew, were immediately released and the aircraft was returned to its original destination in Damascus. The hijackers' leader, named Saad, and his companions, were taken to a detention facility in Damascus. Saad's companions agreed to surrender after finding that his group, and the guerrilla movement as a whole, were likely to be a deal with the Syrians. Saad's companions agreed to surrender after finding that his

4,000 police mobilized for Grunwick protest march

Four thousand uniformed police, a sixth of the Metropolitan force, will be mobilized today for the biggest demonstration so far in the Grunwick dispute. About 15,000 trade unionists, including MPs, dockers, miners and printers are expected to march through north-west London to show support for the Grunwick strikers. The uniformed police will be supported by the Special Patrol Group and the Special Branch for the 45-minute march, which will pass the gates of the film-processing laboratory in Willesden. Mr George Ward, Grunwick's managing director, said he would be at work as usual. The police said that the number of policemen on the street would depend on the size of the march. The remainder would be on stand-by.

Alaska pipeline may reopen in few days

The Alaska oil pipeline, closed by an explosion at a pumping station Saturday, could reopen in a few days. Engineers are now assessing the bypassing of the damaged section, and using pumping stations which would not have been used until the pipeline was at full capacity. Page 15

Who's been eating my porridge?

Enough food is grown to provide everyone in the world with an adequate diet. The tragedy is that distribution is grossly unequal. For every person who can indulge in a complaint of being too fat there are literally thousands crying out from hunger. Oxfam hears them. And supports hundreds of projects designed to improve subsistence agriculture in places where it is vitally important. Inadequate diet leads to poor health so Oxfam invests in people's health, too. By aiding clinics to establish regular health care and vaccination. By funding programmes to educate people about proper nutrition, hygiene and sanitation. We could do more. We need to do more. And we can do more with your help! This form is simply an instruction to your bank to pay regularly whatever sum you choose to Oxfam's work. You can of course cancel it at any time by contacting your bank. Date: Your Bank's Name: Address: Please pay Oxfam £ every month/year starting on (date) until further notice. Name: (Block letters please) Address: Signature: OXFAM Where the need is greatest

French floods

Torrential rain has claimed 11 lives in south-western France. Another 19 people are missing. Flood waters carried away two bridges, cut the Bordeaux-Marseilles railway line and destroyed many houses. Page 4

Grim punishment

Thieves in Pakistan may be punished by having a hand amputated, under traditional Islamic law introduced yesterday by the new military regime. Page 4

Talks on Natal

The idea of a multiracial government with some autonomy for South Africa's Natal province has gained support with the announcement that white political leaders in the province will start talks on the issue this month with black and Indian leaders. Page 5

Language barrier

Or by the National Centre for Foreign Training, says 300,000 in Britain have an inadequate command of English. Of those about 100,000 speak the language. Page 3

Alaska pipeline may reopen in few days

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By Alan Hamilton

The Communist University, London, one of the main of the year in the Marxist calendar, has begun its session with a intake of well over a thousand students.

The university, a summer school organized by the Communist Party youth student departments, has held annually since 1968. It began with 200 in 1968. This year it will serve sounding board in the on the new draft of *The Road To Socialism*, which will be offered for ratification at the annual party congress.

November.

According to the organs the two main aims of the university are to help students develop critical appraisal of the material taught in regular university or courses, and to contribute to the development of Marxism.

The tutors include Stephen Sedley, the barrister who defended the six at William Tyndale school, public inquiry into its professors from the

versity school of education
Dr Istvan Meszaros, a Marxist
anti-Hungarian Marxist.
Forty courses are
offered, on topics as varied
as arts policy, Ireland, sex
music and recent developments
in Marxist theory.

in student politics, a point it had been losing since the Trotskyists and extreme left-wing got Among this week's speakers, Miss Sue Slipman, the minister president of the National Union of Students. One of the main issues debated during the week by the British Communist Party was its attitude to Eurocommunism, a subject on which it has been notably reticent. A new draft of the manifesto, for the first time it was issued with Stalin's soul approval in criticism of the Soviet Union. The next speaker was

But for the moment it remains officially committed British withdrawal from European Community, and has placed itself firmly by the anti-European MPs in Parliamentary Labour Party. The party stance will be challenged today by G

But for the moment it remains officially committed British withdrawal from European Community, and has placed itself firmly between the anti-European MPs in Parliament and the Party. The party's Labour will challenge today by communists for Europe, on a question of former party members and other left sympathizers, which was set in 1975. The group is to a policy statement condemn the Tribunes and other Europeans as unrealistic. In England protectionists urging British Communists play an active role in European Community.

Pro-European communists say that that would forge links with other European communist parties, pave the way for the formation of a common socialist programme in Europe.

Raymond Fletcher, *age*

NOON TODAY

Map showing temperature and pressure readings across the United States. Key features include:

- High Pressure:** Located in the upper left, with a reading of 1028 and a temperature of 55.
- Low Pressure:** Located in the lower right, with a reading of 1015 and a temperature of 55.
- Temperature Readings:** Various locations are marked with temperatures, such as 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.
- Pressure Readings:** Some locations are marked with pressure readings in parentheses, such as (55), (56), (57), (58), (59), (60), (61), (62), (63), (64), (65), (66), (67), (68), (69), (70), (71), (72), (73), (74), (75), (76), (77), (78), (79), (80), (81), (82), (83), (84), (85), (86), (87), (88), (89), (90), (91), (92), (93), (94), (95), (96), (97), (98), (99), (100).

Yesterday
London: Temp: max. 7 am:
 7 pm, 23°C (73°F); min. 7-1
 to 7 am, 14°C (57°F). Humidit
 7 pm, 61 per cent. Rain, 24hr:
 7 pm, nil. Sun, 24hr to 7 p
 9.1hr. Bar. mean sea level, 7.2
 0,023.2 millibars, steady.
 0.000 millibars, 24 hr.

At the resorts

24 hours to 6 p.m. July 19

| | Sun | Mon | Temp |
|------------|-----|-------|------|
| | hrs | in | °C |
| COAST | | | |
| Seabrook | 0.1 | 23.50 | Chad |
| Wilmington | 1.2 | 23.50 | Paul |
| Wilmington | 4.7 | 17.65 | Paul |
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| Marina Bay | 0.3 | 17.65 | Paul |

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Commons 'university' will cost £100m in first five years in EEC

By Alan Williams

The Commons will be transformed into a "university" of the future, already reaching a total of £1,500m in its first five years in the EEC, according to a study by the Commons Commission.

The Commons Commission, set up by the Commons Act 1965, has published a study of the Commons in the EEC. The study, which is the first of a series, is based on a survey of the Commons in the EEC in 1975.

The study shows that the Commons in the EEC are worth £1,500m in total. This is based on the value of the land, the value of the buildings, and the value of the commons themselves.

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Commons on the air six months early

By Kenneth Costing

Sound broadcasting of Parliament is expected to begin about six months earlier than was originally thought.

A permanent service will begin next February, but limited coverage will start in November, including the opening of the new session by the Queen.

The Prime Minister's enthusiasm for the project and the keen interest of Mr Foot, Leader of the House of Commons, are understood to be the reasons for the change of plan.

Priority will be given to making the necessary alterations to a former doorkeeper's room in the centre of the Palace of Westminster, from which the broadcast signal will originate.

That would enable the occasional live broadcast to take place in November, although there would not yet be accommodation for editorial staff and recording channels. The permanent accommodation at North House, South, in the old Scotland Yard building, will not be ready until October, 1979.

Mr Peter Hardiman Scott, chief assistant to the director-general of the BBC, said: "It seems a long way off but we had to admit reluctantly that it was a realistic estimate as far as the Department of the Environment was concerned."

In the meantime, the broadcasters will work from temporary accommodation at 1 Bridge Street, which is used by the BBC from time to time and will be returned to them later.

Mr Scott welcomed the fact that the Government will meet half the cost of the £50,000 needed to prepare the premises.

The BBC will need about three months to move in its equipment. Big debates will be broadcast live, the rest recorded.

Running costs of the permanent service are expected to be about £270,000 a year.

national confidence in our ability to reshape our economy? Is it conceivable in these circumstances that the international financial community would have responded with the necessary support for the pound?

"Today the issue is equally stark. To attempt to pull out of the Community would be a recipe for economic disaster. It would face the next generation with the prospect of living in a mean-minded siege economy with the rest of Europe and the rest of the world going its own way. The great strategic international economic decisions of the next two decades would be taken by others in their own interests, with the British people standing on the sidelines, impotent and impoverished spectators."

Britain's "best hope": Mrs Williams, Secretary of State for Education and Science, a pro-EEC member of the Cabinet, said on Saturday that party colleagues were determined to get Britain out of Europe were "backing a most unlikely horse" (the Press Association reports).

She said: "The best hope of building a society which is at once democratic and socially just lies in Western Europe. Let us accept the challenge."

"The constant casting of doubt on our commitment to Europe is damaging. For one thing, it damages our influence in Europe, especially at the political level. For another, it is damaging to the Labour Party itself."

Mrs Williams added that she had no doubt that a new referendum would still return a convincing majority in favour of staying in the EEC. "We have allowed this issue to preoccupy us for too long."

Inquiry into Green Paper 'leak' demanded by MP

The Prime Minister has been asked to investigate a Cabinet "leak" the object of which, an MP said yesterday, might have been to "damage the personality and role" of Mrs Williams, Secretary of State for Education and Science.

Mr Eric Moonman, Labour MP for Basildon, is also asking Sir John Hunt, Secretary of the Cabinet, to conduct an inquiry among civil servants.

As reported in The Times on Saturday, a Green Paper on schools in England and Wales, submitted by Mrs Williams after at least half-a-dozen redraftings, was rejected by the Cabinet on the grounds that it was impractical, too tentative, lacking in coherence and style, over-long and tactically unsuitable.

"This could only have come from civil servants or Cabinet ministers," Mr Moonman said. "This type of leak about Cabinet members, Cabinet meetings and about individual attitudes can only damage the work of the individual member referred to and will reflect ultimately on the credibility of the Cabinet itself."

"Unless such leaks are dealt with, Mr Callaghan might as well conduct the affairs of state from a loudspeaker in Hyde Park."

He said he would be asking Sir John Hunt to inquire into whether a civil servant was responsible, and would ask Mr Callaghan to make an inquiry among his Cabinet colleagues.

"In trying to establish the motives for this, it would seem to me they can only have been to try to damage the personality and role of Mrs Williams, and an inquiry seems now critical. It could only have come from a civil servant or a member of the Cabinet who may wish to damage the growing and positive reputation of Mrs Williams."

Mrs Williams is widely seen as a "moderate" standard bearer in terms of a future leadership struggle in the Labour Party.

Science report Crustacea: Artificial lobster bait

The centuries-old traditional way of catching lobsters is being challenged by a new report by a team of scientists from the University of Liverpool. The report, which is the first of a series, is based on a survey of the lobster fishery in the EEC in 1975.

The report shows that the lobster fishery in the EEC is worth £1,500m in total. This is based on the value of the land, the value of the buildings, and the value of the commons themselves.

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Major Holley, bassist, helping to celebrate the return of jazz to Beaulieu, for the first time since 1961, for a jubilee festival at the weekend

Self-employed in protest against the 'closed shop'

By a Staff Reporter

About 300 supporters of the National Federation of Self-Employed marched to Downing Street yesterday after a rally in Hyde Park against the "closed shop".

A letter to the Prime Minister protesting about the refusal of the Government to handle the goods and services of the self-employed and small businesses was delivered by Mr Brian Kelly, secretary of the federation.

Mr Kelly had told the rally that non-union lorry drivers owning their own vehicles were frequently not allowed on to sites to deliver goods.

He accused the Government of "turning its back" on the Grunwick dispute and called on Mr Callaghan to order the release of mail for the company.

Group seeks ban on night flights

Night flights at Heathrow, Gatwick, Stansted and Luton airports should be banned immediately, the Committee for Environmental Conservation says in a statement today.

If that is not possible, however, a programme to stop night flights within three years should be instituted.

Commenting on the consultation document on night disturbance from aircraft noise, issued by the Department of Transport, the committee accused the Government of under-estimating the nuisance caused

Immigrants' language difficulties 'neglected'

By Peter Godfrey

An estimated 300,000 people at work in Britain have an inadequate command of English, the National Centre for Industrial Language Training said last night. Of those, about a third barely speak the language.

Mr Tom Jupp, the centre's director, said that lack of funds and awareness was leading to neglect of the immigrant worker's language difficulties.

"Local authorities, which provide a proportion of the money for industrial language classes, are not in a position to give more help because of financial pressure on them," he said.

Last year the centre sponsored courses for 3,000 immigrant workers in factories, hospitals, workshops and hotels. "We have got to find ways of developing language courses on a larger scale, particularly where there has been a good response from employers," Mr Jupp said.

Schemes have been notably successful in Lancashire, Yorkshire and the Midlands. More often, however, employers are wary of holding classes on their premises because they encroach on working hours and may be considered a tacit admission of poor industrial relations. One of the most persuasive arguments put to such employers is that some of their immigrant workers are probably unable to read companies' fire or safety regulations, as well as being frequently not allowed on to sites to deliver goods.

Language training begins at 7.30 am at the Anglo-American Laundry in Tooting, South London, where the general office is transformed into a classroom three times a week

for six Asian women. The women, who work as pressers and packers, give half an hour of their time, supplemented by half an hour of the company's time for the lesson.

They speak little English, and their comprehension difficulties have been exacerbated by the arrival of an Irish supervisor. Added to that are intricacies of English pronunciation which cause confusion between words like "sheet, seat and stir". Miss Anna Griffiths, the teacher, emphasises the need for courtesy towards supervisors, so that one Indian woman's unwittingly abrupt sentence: "I am going early home," is corrected to "Please can I go home early?"

The supervisors are kept informed of the class's progress, and asked to help with the introduction of simple phrases, such as "Excuse me, please" or "I see".

The teaching overlaps into the women's personal lives. They are shown slides of kitchen scenes and asked to describe the various stages of cooking depicted, and are taught how to address a doctor or schoolteacher. Most of them agree that the classes have increased their confidence although as one put it: "Still sometimes first speaking no understand."

Mr Thomas Mason, managing director of the laundry, which pays £5 a head for each worker's 40 hours of tuition, felt that the investment had benefited the company. "The women are more receptive to instruction, and communication is now a two-way process instead of just from top to bottom," he said.

Opposition to export of Mentmore furniture

By Our Arts Reporter

Objections to export licences for items of antique furniture sold at Mentmore in May will be considered tomorrow by the Reviewing Committee on the Export of Works of Art.

The committee can suspend an export licence if it thinks a national collection should be given the chance of buying it. The suspension period is normally six months or less.

Four of the applications that the committee will consider concern Mentmore pieces, purchased for a total of nearly £30,000. A public announcement is made when a licence is suspended.

With many more objections to be considered, the committee is expected to devote several future hearings to considering whether items should be allowed to leave Britain.

Mr Patrick Cormack, Conservative MP for Stroud, said yesterday that the number of licences applied for was likely to exceed 300.

Strike warning by teachers over job losses

Members of the National Union of Teachers in selected schools in Oxfordshire will be called out on strike in the autumn term unless a dispute with the local education authority over cuts and the loss of 344 teaching jobs is resolved.

Mr Fred Jarvis, the general secretary, said yesterday after an executive meeting at which the strike decision was taken, that representatives of the authority would meet Mrs Williams, Secretary of State for Education, today.

The executive also decided to call a half-day strike on September 5.

Record number of girls belong to Guides

Membership of the Girl Guides Association in the United Kingdom has reached a record total of 871,247 despite a falling school population, according to figures published yesterday.

An increase of 17,808 in the past year includes gains in every unformed section and every region.

The figures are: Brownie Guides (seven to 10 years) up by 6,247 to 415,716; Guides (10 to 15 years) 7,708 to 326,592; Ranger Guides (14 to 18 years) 1,363 to 21,631; young leaders (16 to 18 years) 159 to 4,890; adult leaders (unformed) 2,245 to 70,033.

The Queen to tour Anglia and North-east

By Penny Symon

The Queen will spend this week in East Anglia, Yorkshire and the North-east on the third of her silver jubilee progresses round the kingdom.

The Queen flies to Norwich airport today and drives through the city to see thousands of schoolchildren in a massed dancing display. She will lunch at County Hall and fly to Ipswich airport for an afternoon there during which she will go on a walk-about, view more displays and visit St Clement's Hospital where county organizations will be represented.

A reception will be held tonight on the Royal Yacht Britannia at Felixstowe before it sails for Grimsby for the tour of Humberside and Yorkshire.

Tomorrow the Queen will open a scented garden for the blind which has been laid out by young people at Haverstow Park, Grimsby, before attending a schoolchildren's pageant

on the theme of the Brigg Fair of 100 years ago, in Brigg Recreation Ground.

Schoolchildren will be waiting with displays and exhibitions at Doncaster racecourse from where the Queen will drive down the course to the grandstand for lunch, and then the Queen will walk round 24 displays on the sports field at Malby Comprehensive School.

Tomorrow afternoon, the Queen will be in Sheffield and Barnsley where schoolchildren will give gymnastic displays. Later, at Leeds, she will dine in the Civic Hall. At the Town Hall, representatives from youth organizations will be presented.

On Wednesday the royal train will arrive at Wakefield and the Queen will walk in the cathedral, pedestrian precinct before driving to Elland Road football ground, Leeds, for the Festival of Youth involving 40,000 schoolchildren.

She will then go to the Great Yorkshire Show at Harrogate and the royal party will trans-

fer to two carriages to drive to a reception.

In York the Queen is scheduled to stop for two minutes before travelling to Beverley and to Hull, where she will rejoin the royal yacht.

On Thursday the Queen will disembark at Tees Dock, where she will open No 2 Quay before seeing displays by schoolchildren in Cleveland, and visit Durham Cathedral where 700 schoolchildren will be gathered in the Cathedral Close.

After lunch, she will open Hartlepool Civic Centre, walk through the new shopping centre to the Old Coal Dock, where the Queen will name the new lifeboat "Scout" before returning to Tees Dock by way of Stockton.

The Mayor was bought with £101,000 raised by Scouts in their 1974 Operation Lifeboat campaign.

On Friday the Queen will be in Newcastle upon Tyne before flying to London from Woolston airport.

One of a pair of Louis XV soup tureens and stands by Thomas Germain. Paris 1744-50. £400,000.

One of a pair of Louis XV jardinières and stands by Thomas Germain. Paris 1726 and 1728. £363,686.

A silver gilt ewer by Adam van Vianen Utrecht, 1614. £164,686.

The most expensive silver sold at auction.

Christie's. The First Fine Art Auctioneers-since 1766.

Christie, Manson & Woods Ltd, 8 King Street, St James's, London SW1Y 6QT. Tel. 01-839 9060 Telex 916422.

Recordings

At the request of the British Broadcasting Corporation, the following recordings will be made available to the public:

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Pope treads cautiously in Lefebvre affair

From Patricia Clough
Rome, July 10

The Vatican reserves the right to take the "appropriate sanctions" against Mgr Marcel Lefebvre, the rebel traditionalist archbishop, but must proceed with patience, caution and objectivity, the Vatican spokesman said this weekend.

The comment came after the Rome Penitentiary broke the silence which the Vatican has maintained since Mgr Lefebvre disobeyed the Pope and ordained 14 priests and 22 sub-deacons at his headquarters at Ecône, Switzerland, two weeks ago.

The ordinations were the culmination of more than a year of defiance by Mgr Lefebvre who has attracted a sizable following of traditional-minded Roman Catholics with his insistence on celebrating the super-seeded Tridentine Latin Mass and his rejection of reforms introduced by the Pope and the Second Vatican Council.

The Pope has long tried to avoid a split by using patience and persuasion, even though Mgr Lefebvre repeatedly defied him by performing priestly functions such as holding confirmations, ordinations, preaching and saying Mass in public.

More recently the patience has given way to ever sterner warnings, culminating in a letter stating that the ordinations on June 29 would make his breach with the church irreparable.

Father Panciroli said today that the Pope's statements on the subject "not only remained unchanged but acquire greater force".

This applies not only to Mgr Lefebvre but also to the priests ordained by him and to those who support his behaviour and thus worsen the scandal of the deplorable position he has taken.

This case of such flagrant disobedience causes a sense of deep grief and spiritual bitterness, Father Panciroli said.

"It is understandable that the Holy See must proceed with patience, caution and due objectivity, always taking into account... the common good of the people of God and reserving the right to take recourse to the appropriate canonical sanctions."

Father Panciroli's statement makes it clear that the Vatican is approaching the problem of Mgr Lefebvre with the maximum care.

Mexico City, July 10.—Mgr Lefebvre will not be allowed to celebrate Mass or administer the sacraments in Mexico, Cardinal Darío Miranda, the Primate of Mexico, announced today.

Mgr Lefebvre, who is now in Dickinson, Texas, to consecrate a church, had been expected to arrive in Mexico tomorrow.

The Mexican Government yesterday issued reports to its diplomatic missions abroad to refuse to issue him a visa.

Cardinal Darío Miranda said any person who sought religious comforts from Mgr Lefebvre would be committing a grave error by encouraging a schism.

Dickinson, Texas, July 10.—Mgr Lefebvre contacted the Queen of Angels Chapel in a solemn pontifical high Mass today. It will be a regional headquarters for his Society of St Pius X.

He said he had not yet decided whether to visit Mexico as earlier announced.—Agence France-Presse and UPI.



Flooded houses near Auch, just managing to keep their roofs above water.

Campers missing in floods

From Charles Hargrove
Paris, July 10

At least 11 persons have drowned and 19 are missing after the storms and torrential rains which swept through south-western France on Friday and yesterday.

In the department of the Gers, the flooded river of that name carried away two bridges in the town of Auch. Many roads have been cut by the raging waters, and the Bordeaux-Marseille railway line was also cut.

A large number of houses in Auch collapsed. Electricity supplies were cut but have since been restored. Gas supplies are still cut off in the greater part of the town.

Looting broke out in the shops damaged by the floods. One man who was caught rifling a furniture store was sentenced to three years' imprisonment.

The three departments of the Gers, the Garonne and the Haute Garonne have been hardest hit. Holiday makers and campers in the Gers are among the missing. They were caught unawares by fast rising flood waters.

M. Barre, the Prime Minister, said yesterday that 1m francs (£120,000) would be made available immediately.

Torrential rain has also

caused damage in other regions. At Montpellier cellars and shops were flooded. The streets of Nîmes were under 3ft of water.

Berne, July 10.—Four people died in sudden floods when a violent rain and hail storm lashed west Switzerland, turning rivers into torrents, sweeping away bridges, uprooting trees and inundating fields and houses.

A Belgian woman attendant at a children's holiday camp drowned when a river burst its banks and swept her away with six children near Veulx, south of Fribourg. The children were saved.

Three elderly people died when flood waters engulfed their car in the upper Diemtli Valley in the Bernese Oberland.—Reuters.

Three more political parties are legalized in Spain

From Harry Debelius
Madrid, July 10

The Spanish Government this weekend legalized a political party headed by a claimant to the throne of King Juan Carlos, and two other parties to the left of the Communist Party.

Señor Rodolfo Martín Villa, the Interior Minister, said yesterday that the new Government had decided to grant legal recognition to the Carlist Party, whose president is Prince Carlos Hugo de Borbón, as well as to the Revolutionary Workers' Organization (ORT) and the Spanish Workers' Party (PTE). He said that other parties awaiting legalization would be recognized shortly.

Immediately after the announcement, the state-run national radio interviewed representatives of the various parties by telephone, including Prince Carlos Hugo in France and the secretary-general of party, Señor José María de Zabala, in Vienna.

The prince hailed the measure and said that he assumed that the Government's decision meant that he would be allowed to enter Spain in the near future. He and his family, who might be compared with the Jacobites, were expelled by General Franco in December, 1969, shortly after the dictator had publicly named Prince Juan Carlos as his eventual successor.

All three of the newly legalized parties presented candidates in the June general election, but not under the names or symbols of their parties. They used a legal loophole which allowed the presentation of "independent" candidates.

Several hundred members of the PTE celebrated their legalization with a peaceful demonstration in Madrid yesterday.

Madrid, July 10.—Carrying knapsacks and nationalist flags, Basque activists set out today on a 1,250-mile "freedom march" to the Basque region.

The march will end on August 28 in Vitoria. It began from four separate points in the Basque region. It has not been authorized by the Government, but is not expected to be banned.—UPI.

Waste problem delays Austria's A-power station

From Our Correspondent
Vienna, July 10

Austria's projected Zwentendorf nuclear power station will be started up when a solution for the dumping of atomic waste has been found, which is politically acceptable and technically feasible, Dr Bruno Kreisky, the Chancellor, has told his end of session press conference.

The construction of Austria's only nuclear power station was authorized when the Socialist Party was in opposition. Today, the major opponents of the project are the Christian Democrats.

Zwentendorf had been intended to be operational this year. It would have been brought into use—but for the failure of all concerned to agree on a site for the dumping.

As in almost all atomic energy-producing west European countries, there have been anti-atomic energy demonstrations. The latest attracted about 5,500 demonstrators and, mainly because of the intimidating presence taken by the authorities, it passed without incident.

People of Seveso ignore disaster anniversary

From Our Correspondent
Rome, July 10

Only about 20 inhabitants turned out today to mark a procession in Seveso of about 300 people, organized by left-wing groups, marking the first anniversary of the dioxin pollution disaster. They marched through the area contaminated by the poison which escaped during an explosion in the nearby Icmes chemicals factory.

Of the 739 people evacuated from their homes in the most seriously contaminated area, only one woman took part in the procession on tractor-drawn farm carts bearing slogans such as "breathe deep, breathe hard, this is the air of death" and "You can't buy and sell people's health".

Otherwise the little industrial town on the outskirts of Milan was silent and virtually deserted. Many inhabitants, including crumblers, were on holiday.

One year after the disaster the extent of human and ecological damage caused by the explosion is still not clear. It is not even known for certain how much dioxin escaped.

For lack of experience with this relatively new chemical, scientists have been unable to agree on its probable long-term effects and how to get rid of it.

Economic crisis starts new exodus from Portugal

From Jose Shercliff
Lisbon, July 10

The economic crisis in Portugal is causing a new exodus of workers to jobs abroad. Unemployment is more than 500,000, the highest total Portugal has ever known, and is caused not only by the world depression, but by the return of hundreds of thousands of active workers from the former African colonies.

In addition new labour conditions do not allow for part-time work. Under the former regime the official unemployment figure was always kept low by listing part-time workers as fully employed.

New figures disclose that

about 50,000 Portuguese have applied to emigrate, and it is estimated that about 300 a month are leaving for Venezuela, Argentina and Canada.

Emigration to European countries is virtually at a standstill owing to the depression in countries such as West Germany, France and Switzerland which had previously welcomed foreign labour.

Strikes legalized by the National Assembly yesterday voted to legalize strikes for the first time in 40 years. The new strike law allows trade unions to call strikes providing management and the Labour Ministry are given 48 hours notice.—Reuters.

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Surprise win by Portisch in world chess

From Peter Hennessy
Geneva, July 10

Lajos Portisch of Hungary has scored a surprise victory in the third game of his world chess championship semi-final against Boris Spassky of the Soviet Union here. He now leads the former world champion 2-1.

Although Spassky, playing white, appeared to hold a slight advantage when the game was adjourned on Friday night at 10.30, after five hours play, the Russian made two bad mistakes in his 51st and 52nd moves after resuming play yesterday. Portisch immediately exploited the slips and took over the initiative.

The Hungarian penetrated with every move more deeply among Spassky's pawns, and with the Russian apparently not in best form, it became clear that Portisch had the upper hand. Spassky kept playing long after his position appeared hopeless, but at the 67th move he finally acknowledged defeat.

Meanwhile, in Evian, Lev Polugaevsky of the Soviet Union yesterday postponed his fourth semi-final game against Viktor Korchnoi, the exiled Russian grandmaster, because of illness. The organizers said the game will now begin tomorrow.—Reuters and Agence France-Presse.

M Giscard back in political arena

From Our Own Correspondent
Paris, July 10

After months of appearing to remain aloof from the political fray, to the extent of insisting that he would stay in office even if his party were defeated in the general election next March, President Giscard d'Estaing has now unequivocally taken sides. In a weekend speech at Strasbourg in the Vosges, he sharply condemned the common programme of the left and indicated what he called "the right choice for France".

This clear commitment has been welcomed by M Jacques Chirac, the Gaullist leader and Mayor of Paris, as "an important step in the right direction".

The head of state, he said in a radio interview last night, "has chosen the only valid course open to him, which consists of assuming responsibility for his Government majority, as his predecessors did before him. It is an essential factor in winning the election."

At the same time, somewhat paradoxically, M. Giscard d'Estaing appealed once again for the unity of his fellow countrymen and against the "political change of France into two hostile blocs".

"The situation of creative division of our country embitters it domestically and weakens it abroad, and thus

all democratic consultations into national dramas", he said. He explained the contradiction between his desire for unity and his commitment to one side in the political battle by arguing that a victory of the left would "accrue national cleavages"; and the gave an understating that after the success of those who support me at the polls, I shall make suitable initiatives to reduce this cleavage which exhausts the energies of France."

This has been widely regarded as a direct hint that if he wins the election—and he has no doubt that he will—there will be no drastic proportional representation in subsequent elections, in order to strengthen the centre parties on which he pins his hopes and to bring about a split between Socialists and Communists.

Mr Raymond Aron, the sociologist, writing in the latest issue of the news magazine L'Express, says that the existence in France since 1958 of majority voting has led to "permanent confrontation between two blocs, France, one, and the other, which have imposed on her a yoke which divides her into two camps. My conviction is that whatever the outcome of the election, this system will have to change."

The left naturally considers it unworthy for a head of state who claims to be above parties

and to be in favour of national unity to "condemn in advance the democratic choice in favour of the left which French voters might make next year", as M Robert Fabre, the leader of the left-wing Radical Socialists, put it.

The left-wing *Matin de Paris* asks: "How can one hope that partisan clashes will abate, and set oneself above the fray, and at the same time give the starting signal for the electoral campaign eight months ahead of the legal time?"

The distinctly electoral speech at Carpentras has much in it to please the Gaullists, apart from the President's insistence on the key role which the Prime Minister must play in the preparations for the election.

It marks, for several commentators, a recognition by M Giscard d'Estaing of the failure of his policy of reform, pursued in the past three years, despite the criticism of his own supporters.

He has, in their view, reverted to Carpentras to the traditions of his two predecessors, both in his insistence on the pre-eminence of the role of the president of the republic, even to the extent of putting Giscard's election a good second to presidential ones; and in his insistence on the defence of the institutions of the Fifth Republic.

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مكتبة الامانة العامة

Amputation of hand introduced by Pakistan's military rulers as penalty for theft and banditry

Islamabad, July 10.—Pak-

istan's new military rulers tonight introduced the Koranic penalty of amputation of the hand for people convicted of theft and banditry. Amputation would be carried out by a surgeon in public or in prison and using local anaesthetic, a martial law decree said.

Pakistan is the only country other than Saudi Arabia to introduce amputation.

Members of student unions are henceforth liable to seven years in prison and 10 lashes with a whip under the terms of the new penal code based on Islamic precepts. Ordinary trade unionists are to be punished by three years' hard labour.

Any disobedience or orders given by the martial law authorities renders offenders liable to five years in prison and 20 lashes, the code specifies. Political activities are punishable by five years' hard labour and five lashes.

The code provides for the creation of special and summary military courts to try offences against the rules laid down by the military authorities. The military authorities' decisions are final and no appeals are permitted.—Reuters and Agence France-Presse.

Hasan Akhtar writes from Islamabad: Pakistan's ruling military council has lightened its ban on political and trade

union activities, declaring that no meetings, strikes, demonstrations or displays of political and trade union flags and signs will be permitted in the country.

The four-man council, led by General Zia ul-Haq, who seized power on July 5 and proclaimed martial law, has taken several steps in recent days to ensure peace.

Authorities have cancelled all gun licences issued this year, amid reports that People's Party workers had been issued arms indiscriminately for use against Opposition supporters.

Street fights before the next elections. All gun arms holders have been ordered to deposit their weapons by July 25, after which any unauthorised person possessing arms will be severely punished.

It was the continuing state of conflict since the last elections in March between the opposition Pakistan National Alliance and the People's Party, under Mr Bhutto, the former Prime Minister, that finally led to last week's seizure of power by General Zia.

Among the measures taken by the military regime is an investigation of the federal security force. One of the first senior officers now known officially to be facing inquiry is Masud Mahmud, until last week Director-General of the force.

This force is believed to be about 30,000 strong, and operat-

ing under the federal Interior Ministry its members served as storm troopers for Mr Bhutto.

Lieutenant-General Jahanzeb Arbab, corps commander and martial law administrator of Sindh, said in an address to civil servants at Karachi that "the seizure of power last week was necessary to prevent civil war."

Even if the ruling and Opposition parties had reached a settlement on holding new elections, General Arbab said, the possibility was that civil war would have taken place because both sides were arming themselves with weapons for attack on each other during any future election campaign.

General Arbab has suspended all promotions and transfers of civil and police officials made after April 15. The Opposition had been alleging that the People's Party had carried out widespread transfers and promotions of officials in order to place its own sympathizers in key posts, with a view to winning any forthcoming elections.

In his first message to party workers since his overthrow last Tuesday, Mr Bhutto, who is in "protective custody" is reported to have urged them to keep themselves in readiness to resume political activities.

Mr Bhutto's message was reported by his wife, Mrs Nasrat Bhutto, in an article in *Musawat*, the People's Party organ, which is owned by the former Prime Minister.

Soviet press anxious over Cruise missile decision

Moscow, July 10.—Soviet

commentators today painted a gloomy picture of relations between Washington and Moscow after President Carter's decision to go ahead with the development of Cruise missiles.

Writing in *Pravda*, George Ratan said that Carter's statements on the low-flying winged rocket had caused concern and anxiety about the state of United States-Soviet relations.

Washington attempted to focus the attention of the American people on the delay in the manufacture of the B1 bomber, while quietly pushing ahead with the Cruise missile programme, Mr Ratan said.

This reliance to the old bankrupt policy of American imperialism, which presented as something new, does not promote a constructive development of relations between the United States and the Soviet Union," he said.

Valentin Zarin, the Soviet television commentator, lashed out today at recent United States moves to deploy a neutron bomb and other sophisticated weaponry.

In an article written for *Tass*, he said that the weapons represented a step in a "dangerous direction" because the Soviet Union would be forced to take similar measures.

Pentagon officials, he said, failed to realize that there could be no winner in an arms race because the Soviet Union was capable of building up its defences against every new United States weapon system.

Meanwhile the Soviet Union plans its biggest ground and air exercises for more than a year this week, with Western observers in attendance as required by the Helsinki agreement.—Reuters and Agence France-Presse.

Development fund topic for discussion

Continued from page 1

the figure involved. Most of the money will be provided by the United States and Mr Charles Franks, deputy assistant secretary of the State Department, has been attached to the talks to handle the development fund aspect.

Although most of the money will be for development of a future, blacked Zimbabwe, some will probably be set aside for compensation, "golden handshakes" and pensions for government employees who might opt to leave or who find their jobs given to Africans.

The presence on Saturday of Mr David Young, the Rhodesian Treasury Secretary, and Mr Stephen Mungro, the Public Services Board which runs the civil service, reflected the fact that the fund did receive deep consideration.

Mr Graham dismissed the theory that the Rhodesian Government was merely going through the process of taking the talks seriously but in reality has written them off.

However, the return today to Salisbury after a two-year absence of the Rev Ndabaningi Sithole, the Zimbabwean African National Union leader and the lifting of his detention order indicated that Mr Smith is trying hard to work out a common agreement.

Risk of a second Angola, page 12

US newspaper attacks Concorde ban

From Our Own Correspondent
Washington, July 10

The French and British Governments have now given up all hope of persuading the New York authorities to allow Concorde to land at Kennedy airport.

An editorial in yesterday's *Washington Post* attacked the New York Port Authority for its continuing refusal to concede landing rights for the supersonic airliner.

By voting last week to continue the temporary ban, pending more studies "the port authority's members have abused their power and denied fair treatment to two of this nation's oldest allies," it said.

The editorial added that the point at issue was not whether the Concorde should be allowed to operate out of New York but whether the British and French Governments would give a chance to meet the noise standards at Kennedy airport.

Bandits take \$1.1m in gold, silver and cash

Santa Ana, California, July 10.—Four bandits, led by a gunman in a black van, stole \$1.1m in gold, silver and cash from a store here on Saturday.

The store was a bullion and coin storage firm here of an estimated \$1.1m (about £647,000) in gold, silver and currency, police said today.—Reuters.

Early gains for Japan's ruling party

From Peter Hasehurst
Tokyo, Monday morning

Japan's ruling Liberal Democratic Party, in danger of losing its slim majority in the Upper House of the Diet this week, appeared to gain a small measure of ground today as the first results of yesterday's crucial Upper House elections were announced.

In an early victory last night the Government captured seven closely contested seats lost to the Socialists six years ago, including Kagawa constituency on Shikoku Island, the stronghold of Mr Tomonori Nara, the chairman of the Japan Socialist Party.

However, the ruling party's fate still hangs in the balance, early this morning after it lost two key seats to the Socialists in Ibaraki and Tokushima prefectures.

Members of the Upper House are elected on a two-joint ballot, three years, when half of the 252 members are forced to step down. Seventy-six of the 126 vacant seats are allocated to local, mostly rural, constituencies and the rest returned by a national vote, the results of which are not expected before tomorrow.

With 54 results confirmed, by 2 a.m. the ruling party had captured 40 seats, mostly in local constituencies, where it is traditionally strong. These gains are expected to dwindle to a fine balance towards the end of the count tomorrow. The Socialists had won 10 seats, the Komeito Party 2 and conservative independents 2. The Liberal Democrats need to make gains in the local voting, as they are widely expected to lose five seats in the national ballot.

The Boeing left for Yama and flew 800 miles south in then it mysteriously turned round and headed for a Syrian capital of Damascus.

Syria, it will be remembered, does not deal lightly with terrorists and several have been hanged publicly in the squares of the city. But the Boeing touched down at Damascus airport this morning on one end to storm the aircraft and not short of first.

A PLO representative from Kuwait and a Kuwaiti security official flew the last leg of the journey with Mr Saad who reported to have been offered safe passage out of Syria.

In Beirut, the Palestinian who do not like Mr Saad, there are many of them—wondering if someone wants to put pressure on the old Kuwaiti Government.

One of Mr Saad's former gambling partners—a man who rarely fails to put up the veneer of his friend—suggested that the hijack leader would try to travel to London. For the rumour among the Palestinians is that the renegade Mr Saad, who spoke the quality of his financial wealth at the Playboy, has over a million dollars in cash, money safely banked not far from Threadneedle Street.

The call for a guaranteed peace came as British Harrier fighter aircraft flew over the capital. They have been sent here during the past week in a counter move by Mr Callaghan to what were called Guatemalan invasion threats.—Reuters.

Russia could have been victim of policy directed at Britain

Cold war 'more than a bipolar dispute'

By Peter Hennessy

The origins of wars have long provided rich, disputatious material for historians to ponder. The cold war between Western nations and countries of the Soviet bloc has singular dimensions that make its interpretation particularly difficult.

It was never formally declared or concluded, nor was it fought in a directly military sense between the protagonists, the United States and the Soviet Union, though armed clashes took place by proxy in Korea and Vietnam. Within the struggle, which continues in a modified form, ideological elements arising from the economic rivalry of capitalism and collective systems blend with traditional national and regional interests in a most confusing fashion.

The cold war debate has been dominated over the past 10 years by American "realist" historians determined to reverse or overturn the standard western view which sees the Nato powers as banded together in a defensive alliance precipitated by Soviet expansion into eastern and central Europe in the middle and late 1940s.

These historians portray an aggressive United States that in the closing conflict with a primitive, war-

shattering Soviet Union is an attempt to make the world safe for American capitalism.

Last week British scholars meeting in London for the annual conference of the Association of Contemporary Historians decided to form a cold war study group in the hope of fostering a new interpretation of the dominant international conflict of the period since 1945. Its purpose, according to Professor Donald Watt, of the London School of Economics, who chaired the meeting, is to move beyond the "parabellological, pseudo-historical" domestic American debate about the motives of its rulers in their approach to the cold war and to demonstrate that the conflict was more than a straightforward bipolar dispute between the United

6.15: 1. Red Jade (6-1); 2. Hidden
 Crown (8-1); 3. Major Beach (9-1).
 6.40: 1. RepARATION (100-50); 2.
 The Great Escape (10-1); 3. The
 Rat. Noodle did not run. Perial
 Quaker (9-4 QV).
 7.00: 1. Buzz Red (2-1 fav); 2.
 Left Lark (10-1); 3. My Chopin
 (10-1).
 7.25: 1. Robin Joan (5-1); 2.
 The Great Escape (10-1); 3. The
 Rat. Noodle (5-1), a ran, Magnolia Lad
 did not run.
 8.15: 1. Confessure (8-1); 2.
 Confessure Day (16-1); 3. Old Court
 (10-1).
 8.30: 1. Magnificent (5-1); 2.
 The Great Victory (10-1); 3. Wendell
 (5-1), a ran.

hester
 9.0: 1. Whirlwind (4-6); 2. Wisconsin
 (5-1); 3. Harwood (12-1); 4.
 Wendell Press did not run.

Edinburgh selections
 By Our Racing Staff
 2.0 Mums Song. 2.30 Bingo Lize. 3.0 I Don't Mind. 3.30 Ornamental
 Night. 4.0 Revenge is Sweet. 4.20 Tachibao. 5.0 Buckiam.
 By Our Newmarket Correspondent
 2.0 Fast Asleep. 2.30 Your Love. 3.30 Fairman. 5.0 Ned Tranter.

6.15: 1. Near the Mark (10-1); 2.
 Grunt Fox (12-1); 3. Girama (10-1).
 6.40: 1. Mountain Creek (evens fav);
 2. The Great Escape (10-1); 3. The
 Rat. Noodle (5-1), a ran.
 7.00: 1. All Barkers (5-2); 2. Epitaph
 (10-1); 3. All Barkers (5-2), a ran.
 7.25: 1. All Barkers (5-2); 2. Epitaph
 (10-1); 3. All Barkers (5-2), a ran.
 7.50: 1. All Barkers (5-2); 2. Epitaph
 (10-1); 3. All Barkers (5-2), a ran.
 8.15: 1. All Barkers (5-2); 2. Epitaph
 (10-1); 3. All Barkers (5-2), a ran.
 8.40: 1. All Barkers (5-2); 2. Epitaph
 (10-1); 3. All Barkers (5-2), a ran.
 9.0: 1. All Barkers (5-2); 2. Epitaph
 (10-1); 3. All Barkers (5-2), a ran.

Salisbury
 6.15: 1. Charles James (6-1); 2.
 Pile of Ashes (1-1 fav); 3. Hester
 (10-1).
 6.40: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).
 7.00: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).
 7.25: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).
 7.50: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).
 8.15: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).
 8.40: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).
 9.0: 1. Hester (7-1); 2. Pile of Ashes
 (10-1); 3. Charles James (6-1).

Lingfield Park
 6.15: 1. Sweet
 pocket (12-1); 2. Ser Amiel (23-1); 3.
 Sweet pocket (12-1).
 6.40: 1. Cambridge Gold (10-1);
 2. Cambridge Gold (10-1); 3. Cambridge
 Gold (10-1).
 7.00: 1. Cambridge Gold (10-1);
 2. Cambridge Gold (10-1); 3. Cambridge
 Gold (10-1).
 7.25: 1. Cambridge Gold (10-1);
 2. Cambridge Gold (10-1); 3. Cambridge
 Gold (10-1).
 7.50: 1. Cambridge Gold (10-1);
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 8.40: 1. Cambridge Gold (10-1);
 2. Cambridge Gold (10-1); 3. Cambridge
 Gold (10-1).
 9.0: 1. Cambridge Gold (10-1);
 2. Cambridge Gold (10-1); 3. Cambridge
 Gold (10-1).



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NO WAY TO CONSIDER CLEMENCY

It is entirely true that last week BBC television transmitted a programme dealing with the arguments for and against releasing on licence Myra Hindley, sentenced to life imprisonment in 1966 for her part in the Moors Murders. It is the fact that the programme was so widely watched and that it did so well in the ratings that it is a pity that it was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed.

RUSSIAN COUNTER-ATTACK ON HUMAN RIGHTS

It is a pity that the programme was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed. The programme was a masterpiece of balance and objectivity, and it is a pity that it was not more widely discussed.

How does the Lib-Lab pact stand now?

At best, the argument for the Lib-Lab pact is that it would serve the national interest by ensuring that the only available government would be a coalition of the two major parties. At worst, it is a cynical arrangement designed to ensure that the Labour Government would be able to pass its legislation without opposition. The Lib-Lab pact is a cynical arrangement designed to ensure that the Labour Government would be able to pass its legislation without opposition. The Lib-Lab pact is a cynical arrangement designed to ensure that the Labour Government would be able to pass its legislation without opposition.

Amending the law on abortion

From Mrs. Renée Short, MP for Wolverhampton, North-East (Labour) and others. Sir, There have been a number of reports in the press and on the radio accusing us of making long speeches unnecessarily in the Abortion (Amendment) Bill Committee. We would like to point out that a major reason for the length of time is the amount of evidence which we have to give. The Bill is based on the Select Committee on Abortion, and it is unfortunately the case that this Committee ignored or misinterpreted much of the available evidence.

Thus a clear majority of people want to have the law liberalised. Medical opinion is also in support of the Act as it now stands. Since 1970 there have been seven polls of medical opinion and they show that over 70 per cent of doctors want the Act to remain as it is or be liberalised. Many medical organisations, including the BMA, have come out against the Bill.

Press Council ruling

From the Chairman of the Press Council. Sir, The Royal Commission on the Press has recommended that the Press should be subject to a subjective test to both requirements. Not so. This is only one of a number of recommendations made by the Commission. The Commission has also recommended that the Press should be subject to a subjective test to both requirements. Not so. This is only one of a number of recommendations made by the Commission.

Criminal procedure

From Mr. P. Housiaux. Sir, May I through your columns dissociate myself from the apparent view, expressed by the Police Federation spokesman (June 24) of the Royal Commission into Criminal Procedures? Once again it seems that the Federation has committed itself to an ill-considered and ill-justified position. The Royal Commission is an opportunity to bring about beneficial changes for both the public and the police.

The morality of Tory ideals

From the Reverend N. A. Russell. Sir, Mrs Thatcher's assertion that "economic choices have a moral dimension" is welcome. Many will warm to her invitation to individual responsibility which has too often given way to a welfare state mentality. However, Mrs Thatcher is surely wrong when she suggests that the philosophy of Marx is opposed to that of Adam Smith's "pride of place to economics". It is the philosophy of Adam Smith which does just that. We may not accept the morality of Marxism, but it does have a morality. This includes a strong moral demand for economic equality. In that respect, Marxist morality has a lot in common with the Old Testament prophets.

It was in Victorian times that the sort of "individual freedom" of which Mrs Thatcher is a current champion, was most flagrantly practised. And it was to the misery thus caused that Victorian philanthropic values were a response. But where only private charity exists to relieve distress, each man may, in working out his own salvation, decide for himself how much of how little to give, and "free" therefore only to take. It is not surprising, then, that Mrs Thatcher should reassess these values.

From Mr. C. A. W. Dale. Sir, It seems that between Mrs Thatcher's speech reported today (July 5) and your leader commenting on it, a new set of theological and historical definitions have been created. It will be news to many that our religion (who are "we" and what religion is being considered—Mrs Thatcher's pelagian protestantism, Mr. St. J. Stevens' Romanism, Lord Hailsham's Judaism, Lord Hailsham's and Mr. Powell's Anglicanism?) "teaches us that every human being is united in sin and can only be saved by the saving work of Christ. The advocate of the free market economy then goes on to assert the spiritual value of the market. It is the free market philosophers who consider that a man is worth what he can sell his services for on the market."

Withdrawal from EEC

From Mr. Jack Taylor. Sir, As the former chairman of Ealing for Europe, and the present chairman of the Ealing European Movement, I have a special interest in the points raised by Mr. Bryan Gould (Leicester, June 29). Mr. Gould is probably right to claim that "We are free, legally and constitutionally, to withdraw from the EEC if we so decide". Certainly, no reasonable grounds exist for the EEC's refusal to accept his claim. However, he is quite wrong in concluding that "All that is required is a Parliamentary majority". Those who opposed Britain's membership of the EEC refused to accept the huge Parliamentary majorities recorded under both Tory and Labour Governments in favour of membership. They claimed that sovereignty really lay with the people, and that the people should therefore decide the issue in a referendum. They insisted that they would accept the verdict of the people.

Wildbrooks scheme

From Miss Peggy Betterton. Sir, With reference to your Agricultural Editor's article under the heading "Harder struggle for wildlife to survive", it is interesting to note that here in the West Sussex village of Ambrey we have now a situation which is comparable to those mentioned in the article. By way of explanation, the village is situated in a scheduled district of outstanding beauty, flanked by the South Downs and the Weald. Much of the area being designated a site of "special scientific interest" by the Nature Conservancy Council. The Wildbrooks are now threatened by an improvement drainage scheme which proposes to reduce the water level by one metre. It has been put forward by the Southern Water Authority to the Secretary of the Ministry of Agriculture. The scheme, at the cost of £450 per acre to the taxpayer and ratepayer, is supposed to give a few months of extra grazing and extra cultivation of grass to a few farmers. If it works, after almost half a million is spent on it, we know if the advantages of the project outweigh the disadvantages. Obviously, there is great concern in the village and surrounding district, also nationally among bodies of ornithologists and botanists, etc., that the character of this beautiful area of weald with its attendant

House of Lords reform

From Dr. M. D. Burgess. Sir, I think that Lord Boyd-Carpenter's claim that the abolition of the hereditary peerage in the House of Lords is "in defence simply to blind prejudice against the hereditary system" (letter of July 1) deserves a special comment. If we can ignore for a moment the correct, but emotive descriptive title of the institution, the real question is whether or not Britain needs a second chamber of government. Assuming that it should be retained, for there are many arguments to support the view that the House of Commons is already overburdened with its tasks, the question arises as to what it is that we want a reformed second chamber actually to do. We must be clear in our minds about this, otherwise the great controversy about the composition of the Lords (to return to emotive terminology) is rendered nugatory. Having established its role, we can then proceed to relate function to composition, and it is here that Lord Boyd-Carpenter's assertion can be questioned. The desire to rid the House of Lords of its hereditary force is not simply "blind prejudice" but it is the removal of indefensible privilege. If a reformed Lords is to be taken seriously by everybody in the future and if it is to conform to the spirit of an age which particularly rejects privilege in all forms, then it is the blunt accusation of operating double standards. To contemplate such a defence runs the risk of being consigned to oblivion and I should have thought that to Lord Boyd-Carpenter, a Conservative, this should be a matter of concern. Yours faithfully, Dr. M. D. BURGESS, 33 Seven Road, Oadby, Leicestershire.

Helsinki and the USSR

From Mrs. June Jacobs. Sir, Enoch Powell argues in his article in *The Times* on June 21 that it is futile for the West to try to alter the Soviet Union's attitude towards its nationals in regard to the human rights of operating double standards. To contemplate such a defence runs the risk of being consigned to oblivion and I should have thought that to Lord Boyd-Carpenter, a Conservative, this should be a matter of concern. Yours faithfully, JUNE JACOBS, Chairman, National Council for Soviet Jewry, 183-189 Finchley Road, NW3.

The Alderney cow

From Mr. P. W. Radice. Sir, With reference to the article on the Alderney cow in your issue of July 2, the breed did not die out in 1910 with the Germans. What seems to have happened is that there was at that time a lucrative market for Channel Island cattle in the USA, but the buyers demanded proper records of pedigree, fat, pedigree, etc. This the Alderney farmers were not able to provide and they were advised to join the Guernsey herd book, which they did. It seems correct that "Alderney" was the name given to all Channel Island cattle less than a century ago. The earliest reference to an Alderney cow I have seen is in Smollett's *Adventures of Humphrey Clinker*, where Tabitha Twichet writes from Bath to someone at home who was looking after the Alderney. This was written about 1772. A hundred years later Trollope mentioned Alderney cows more than once in his novels. The last instance I have found may be seen on page 71 of *The World's Classics* edition of *The Belton Estate*. The cow was a present from the hero to the heroine and is a paragon of all cows. The description, however, is of what we should now call a Jersey, which nowadays is the least cow like of cows, in fact a bovine film star. Last year I too picked up on a bare an empty can from the Alderney Dairy Inc., East Lawn, New Jersey. Being then a member of the States of Alderney Agricultural Committee, I wrote to the President of the Corporation, asking if anything was known of the cow. The answer was that it was a present from the hero to the heroine and is a paragon of all cows. The description, however, is of what we should now call a Jersey, which nowadays is the least cow like of cows, in fact a bovine film star. Yours faithfully, P. W. RADICE, Alderney.

Fabergé at the V and A

From Mrs. E. J. Bryant. Sir, The Fabergé objects are indeed as delightful as Mr. Levin testifies (July 1), but the darkness amid which they are displayed is regrettable. Scrambling around in the gloom, bumping into other people and being in other people's way is a most unpleasant experience. The Fabergé treasures, made to sparkle in sunlight or beneath palace chandeliers, this type of display is an irritating affectation. They order this matter better in the Kremlin. Yours faithfully, E. J. BRYANT, 32 The Crescent, SW13.

THE TIMES

BUSINESS NEWS

Why a falling pound solves no problems, page 17

Insurance search for an image, age 16

CBI calls for tripartite pay talks about 'dangers ahead'

Malcolm Brown

The Confederation of British Industry (CBI) has called for a tripartite pay conference to discuss the dangers ahead. The CBI, which has been urging its members to moderate pay increases in the coming year, is now calling for a conference to discuss the dangers ahead. The CBI, which has been urging its members to moderate pay increases in the coming year, is now calling for a conference to discuss the dangers ahead.

Chemical Industries, expresses "deep concern" about the union conference decisions and the effect they could have on pay expectations.

The CBI, the letter says, would be urging its members to moderate pay increases in the coming year. The Government, meanwhile, must play its full part in restraining pay increases and expectations and keep strictly to the present policy of money supply, public sector finances and the control of public expenditure.

that time would be about 9 per cent. If earnings were to rise even faster than this, not only would the effect be to raise the cost of living proportionately but jobs would be endangered as we risk pricing British goods out of world markets.

If inflation cut the United Kingdom share of world exports of manufactured goods by only 1 per cent, the confederation warns, 400,000 jobs could be lost.



Mr. Greenborough's deep concern over union conference decisions.

Little room for tax sweetener by Chancellor

Amendments to the Finance Bill were made in committee which would add another £450m to the PSBR in a full year, the government has to decide whether to support the Rooker. Personal tax allowances, or to push for its own cuts in the tax rate, or to combine the two with only a 1 per cent cut.

Another factor which may have changed the forecast for PSBR is a lower than expected rate of growth in the economy.

Wednesday's TUC committee meeting the prospects for official pay restraint in the coming year now look pretty slim.

Greater emphasis will now be given to pay control in the public sector, with ministers apparently determined to stick by the cash limits. These assume wage increases of 5 per cent, and an overall earnings rise of around 10 per cent.

gases are held this would eventually lead to fewer jobs, but not before the inflationary damage had been done.

And with the economy already growing very slowly it is difficult to imagine a precarious Government presiding over still more deflation. For adherence to cash limits with accelerating inflation would imply a severe drop in the real volume of public spending.

One union suggestion which is unlikely to win much support within the Treasury is Mr. Jack Jones's weekend call for wage indexation. The last time this was raised, with Mr. Healey's threshold payments, the effect was a disastrous twist to the inflationary spiral.

Industrial strategy: The Prime Minister will preside today over the second of two conferences of industrialists and trade unionists to discuss the industrial strategy exercise. After the first of the sessions, held last month, Mr. Callaghan disclosed that he had commissioned a detailed study of the state of opportunity for British industry over the next 10 years.

EEC cars lift imports share of British sales

By Edward Townsend

A big increase in cars from EEC countries in the past six months has helped to boost the importers' share of United Kingdom new car sales to more than 43 per cent. The rise reflects the growing number of cars being assembled abroad by British-based, American-owned companies, and now by British Leyland.

Figures issued today by the Society of Motor Manufacturers and Traders show that in the first half-year, imports from the EEC totalled 212,209 vehicles (30.3 per cent of the domestic market) against 160,194 for the comparable period of last year.

Damaged Alaskan oil pipeline could start again 'in a few days'

Anchorage, Alaska, July 10

The new Alaskan oil pipeline, which cost \$8,000m (£4,700m), could resume "in a matter of days" despite a major explosion and fire at a pumping station two days ago, according to a senior company executive.

The blast claimed one life and injured five other workers at Pumping Station No. 8 on the 800-mile pipeline during its initial oil-flow phase.

Engineers now are considering what the flow rate in the pipeline could be without the damaged pump section, using pump stations numbers six and nine instead. Mr. Patton said these were intended for phase two of the line's operation, when 12 million barrels a day would flow.

The flow rate at the time of the explosion was 390,000 barrels a day. When fully operational, the line will have a capacity of two million barrels a day.

A guessing game for US money dealers

Dr Arthur Burns, the chairman of the United States Federal Reserve system, is scheduled on July 26 to make a statement of major significance for the money and currency markets. He is due to outline the Fed's money policy plans for the next year to the banking committee of the House of Representatives.

Guessing what Dr Burns will say will be a favourite pastime for money and currency dealers in the next couple of weeks. Their guesses will undoubtedly be influenced by the money supply data the Fed will publish this Thursday and on July 21. Moreover, bankers with good contacts will undoubtedly try hard to learn what decisions are taken at the Fed's Open Market Committee meeting on July 20.

Opec seeks ways to preserve price unity

By Our Energy Correspondent

Ministers from the 13 members of the Organization of Petroleum Exporting Countries (Opec) meet in Stockholm tomorrow with the focus on the previous meeting in Qatar last December, still fresh in their minds.

It has taken the organization nearly six months of behind-the-scenes negotiations and mediation to end the two-tier system that emerged when, for the first time, its members split publicly over the question of oil prices.

The compromise, under which Saudi Arabia and the United Arab Emirates raised prices by 5 per cent on July 1 while the remaining 11 members gave up a proposed 5 per cent rise scheduled for the same date, will be rubber-stamped by the meeting.

But many of the countries attending the conference are determined that the always-fragile unity of Opec will never again be subjected to such pressures over prices.

Burmah to head Seychelles offshore venture

By Roger Vielvoire

Burmah Oil is undertaking its first overseas oil exploration venture since the company ran into severe financial problems in 1974. The company is heading a consortium that has been granted a 16,500 sq kilometre concession off the coast of the Seychelles in the Indian Ocean.

Over the next two years it will carry out detailed geological and geophysical surveys. Burmah has been interested in the offshore Seychelles area for some time. It approached the colonial government for concessions in 1972, but was told that the area was reserved for the Seychelles after independence.

Under an agreement signed with the government of President Rene, the state will have the right to 50 per cent participation in any finds. Burmah has a 40 per cent interest in the exploration and its partners are Amoco, Hematite Petroleum of Australia and Norcen International of Canada—each with 20 per cent.

Concessions have also been granted to groups led by Siebens Oil and Gas of Canada and Oxo International from the United States.

Tougher stance by OFT over credit licences

Our Commercial Editor

Signs of a toughening attitude on the part of the Office of Fair Trading (OFT) towards credit licence holders are being seen in the way the body has been dealing with applications for licences to cover 100,000 various businesses.

The OFT, which has "come to the conclusion that the licensing of credit licence holders is a necessary and desirable measure, has been dealing with applications for licences to cover 100,000 various businesses.

US envoy airs trade fears in Brussels

From Michael Hornsby, Brussels, July 10

Against a background of growing protectionist sentiment in the European Community, Mr. Robert Strauss, President Carter's special trade representative, arrived in Brussels over the weekend for talks tomorrow with senior officials of the European Commission.

Mr. Strauss will be seeing Mr. Roy Jenkins, the president of the European Commission, Herr Wilhelm Haferkamp, the commissioner in charge of external relations, and Jacques Delors, the director-general of the Commission's Directorate-General for Economic and Financial Affairs.

Community of unfettered pursuit of its traditional "open and liberal trading policy". Mr. Callaghan's remarks, however, were seen as a warning to the European Community that the United States was not prepared to accept a more restrictive attitude towards trade in the EEC.

In the recent past, complaints of protectionism have mainly been levelled by the Europeans against the United States. But evidence of an increasingly restrictive attitude towards trade in the EEC is causing alarm in Washington, where the administration is under considerable pressure to resort to more controls.

Pressure for curb on TV sets from Japan

By Patricia Tiedall

Objections to the continuing high number of colour television sets imported from Japan are to be aired at a meeting among Labour backbench MPs this week.

The meeting has been called to step up pressure on the Government to restrict imports of "sensitive" products, according to Mr. Stan Thorpe, Labour MP for Preston South and chairman of the Association of Scientific, Technical and Managerial Staffs' parliamentary group yesterday.

Go-ahead expected for loan of \$250m to Zaire

By Christopher Williams

International bankers will meet next week to discuss arrangements for a \$250m (about £151m) credit for Zaire.

A loan of this size was envisaged originally last November as part of an agreement to reschedule Zaire's \$800m of commercial bank debt. Before that Zaire had been substantially in default for about 18 months.

The raising of new loan was always intended to be conditional on Zaire meeting certain conditions, which included the repayment of all back interest and regular depositing of funds into an account at the Bank for International Settlements.

Matters were seriously complicated for a time in the spring by the invasion of Shaba province from Angola, but the original conditions have been broadly fulfilled.

GENERAL BUILDING AND PUBLIC WORKS CONTRACTORS—EILSMERE PORT

Thomas Warrington & sons Ltd

Mr. Brian Warrington's Statement

The Annual General Meeting of the company was held on July 8 at Chester. The following points are from the statement by Mr. Brian Warrington, Chairman and Joint Managing Director, circulated to shareholders.

The profit for the year ended 31 December 1976, before tax, was £131,861 (£224,829). The Directors recommend a final dividend of 1.9675p per share which together with the interim and associated tax credits is equivalent to 4.8172p per share (4.8172p).

Dollar's future on agenda of central bankers' meeting

from Peter Norman, London, July 10

Western central bankers will meet in Basel tomorrow to discuss the future of the dollar and the international monetary system.

The meeting, which is the first of a series of discussions on the dollar and the international monetary system, will be held in Basel tomorrow.

discussions, the bankers can be expected to range over the problems of the growing United States balance-of-payments deficit, its implications for the dollar and international currency markets in general, and the seemingly intractable balance-of-payments difficulties of a number of smaller OECD countries, including Spain, Portugal and Turkey.

For while international monetary imbalances have been marking time over the past few months, financial markets have slowly been building up with these problems.

from their American colleagues whether a weaker dollar is part of the Carter strategy for domestic economic revival, and how far the United States Government envisages a reduction of the oil-import component in the American balance-of-payments deficit.

The recent decline of the dollar on foreign exchange markets has already begun to trigger unwelcome developments in Europe.

finance oil-induced deficits has been a source of wonder over the past three years: the balance-of-payments position of the weaker EEC brethren is causing growing concern in international monetary circles.

It is felt that new instruments must be created to meet the financing requirements of these countries.

But practical difficulties appear to stand in the way of the international Monetary Fund borrowing on financial markets to increase its financing capability and in the way of a co-financing of the deficit by the fund and the commercial banking system.

pletion of the Witteveen facility. Here, the richer industrialized and Opec countries would contribute at least \$10,000m (about £5,844m) to be lent by the fund for balance-of-payments financing.

But whether the Arab nations will provide their share of the cash, with the Witteveen facility out of the way, there could be more scope for the parallel financing of balance-of-payments deficits.

Here the fund would provide balance-of-payments assistance to stricken countries in return for the fulfilment of specific economic policy conditions and to open the way for increased lending by the commercial banking system.

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Thomas Warrington

Interim Statement

White Child & Benney

Lending rate 8pc

The Bank of England's minimum lending rate remains unchanged this week. The following are the results of Friday's Treasury Bill Tender:

| Applications: 3,775 | Allocated: 3,775 |
|---------------------|------------------|
| 12m: 1,000 | 1,000 |
| 18m: 1,000 | 1,000 |
| 24m: 1,000 | 1,000 |
| 36m: 1,000 | 1,000 |
| 48m: 1,000 | 1,000 |
| 60m: 1,000 | 1,000 |
| 72m: 1,000 | 1,000 |
| 84m: 1,000 | 1,000 |
| 96m: 1,000 | 1,000 |
| 108m: 1,000 | 1,000 |
| 120m: 1,000 | 1,000 |
| 132m: 1,000 | 1,000 |
| 144m: 1,000 | 1,000 |
| 156m: 1,000 | 1,000 |
| 168m: 1,000 | 1,000 |
| 180m: 1,000 | 1,000 |
| 192m: 1,000 | 1,000 |
| 204m: 1,000 | 1,000 |
| 216m: 1,000 | 1,000 |
| 228m: 1,000 | 1,000 |
| 240m: 1,000 | 1,000 |
| 252m: 1,000 | 1,000 |
| 264m: 1,000 | 1,000 |
| 276m: 1,000 | 1,000 |
| 288m: 1,000 | 1,000 |
| 300m: 1,000 | 1,000 |
| 312m: 1,000 | 1,000 |
| 324m: 1,000 | 1,000 |
| 336m: 1,000 | 1,000 |
| 348m: 1,000 | 1,000 |
| 360m: 1,000 | 1,000 |
| 372m: 1,000 | 1,000 |
| 384m: 1,000 | 1,000 |
| 396m: 1,000 | 1,000 |
| 408m: 1,000 | 1,000 |
| 420m: 1,000 | 1,000 |
| 432m: 1,000 | 1,000 |
| 444m: 1,000 | 1,000 |
| 456m: 1,000 | 1,000 |
| 468m: 1,000 | 1,000 |
| 480m: 1,000 | 1,000 |
| 492m: 1,000 | 1,000 |
| 504m: 1,000 | 1,000 |
| 516m: 1,000 | 1,000 |
| 528m: 1,000 | 1,000 |
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| 612m: 1,000 | 1,000 |
| 624m: 1,000 | 1,000 |
| 636m: 1,000 | 1,000 |
| 648m: 1,000 | 1,000 |
| 660m: 1,000 | 1,000 |
| 672m: 1,000 | 1,000 |
| 684m: 1,000 | 1,000 |
| 696m: 1,000 | 1,000 |
| 708m: 1,000 | 1,000 |
| 720m: 1,000 | 1,000 |
| 732m: 1,000 | 1,000 |
| 744m: 1,000 | 1,000 |
| 756m: 1,000 | 1,000 |
| 768m: 1,000 | 1,000 |
| 780m: 1,000 | 1,000 |
| 792m: 1,000 | 1,000 |
| 804m: 1,000 | 1,000 |
| 816m: 1,000 | 1,000 |
| 828m: 1,000 | 1,000 |
| 840m: 1,000 | 1,000 |
| 852m: 1,000 | 1,000 |
| 864m: 1,000 | 1,000 |
| 876m: 1,000 | 1,000 |
| 888m: 1,000 | 1,000 |
| 900m: 1,000 | 1,000 |
| 912m: 1,000 | 1,000 |
| 924m: 1,000 | 1,000 |
| 936m: 1,000 | 1,000 |
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MANAGEMENT

Tesco's high risk tactics ring up sales gains

Empty shelves and queues of delivery vans outside Tesco branches bear witness to the almost embarrassing popularity of the initial stage of its new policy of substituting price cuts for trading stamps.

However, they are measured, Tesco are passing on much bigger price reductions at this stage than the 2 per cent which trading stamps offered and these are being gratefully received by customers. What is not clear, and will not be for some time, is whether the present level of discounts can be sustained at a profit.

Estimates of how far Tesco's grocery prices have dropped since June 8 when they discarded trading stamps vary from between under 5 per cent to 9 per cent depending on the range of products measured.

The AGB Research Company in its "shopping basket" model survey taken on June 21 found a drop of 9 per cent. The survey basket of over 30 items includes meat and dairy products as well as non-perishable goods. As far as Tesco was concerned the reading was 1 per cent above the average before the new policy and a startling 8 per cent below two weeks later.

A crude calculation for the scope for discounting adds the 2 per cent saved from trading stamps to the net margin reported for 1976 of 4.3 per cent to give a figure of 6.3 per cent.

Provided the components of the equation do not change, discounts beyond this level must be at a loss. But what Tesco is aiming for, is an increase in volume of at least 20 per cent and is possibly prepared to incur short-term losses on some products to achieve this.

Efficiently controlled pricing structures are the heart of the supermarket business. Prices must be flexible enough to adjust both to local competition and to the price charged by



A Tesco high street shopwindow displaying the bargain buy posters which have replaced the familiar trading stamp advertisements.

suppliers. At the same time they must be sufficiently consistent to be regularly monitored against price margins. In the rapidly moving grocery business and with a chain in Tesco's case, of 700 branches this is no mean task.

Tesco, like most of its big competitors, operates a central pricing structure. Price changes are calculated at head office and relayed to the individual store managers.

Within the Tesco chain there is a wide variation in the size, location and overheads carried by the various stores. For any single product there is a clear of up to four different prices depending on the classification of the store.

Individual managers can, after consultation with their regional manager, alter the prices if there is particularly intense competition from local

competitors. But apart from this they must stick to the prices they are given.

In fact, there is a growing trend for goods to be delivered direct from manufacturers with store price labels already attached. There are signs that this, already tight, centralized control of prices has become sharper since the discount policy was adopted.

Previously, like big competitors such as Sainsbury, Tesco selected a small range, in its case of 20 or 30 products, to discount on a rota changed fortnightly. These, specially priced, and heavily promoted "buy lines" were designed to win custom. The discounts were calculated against buying price, usually supported by a reduction from the supplier, stock levels and a decrease in the retailer's own gross margin.

With this policy, Tesco is moving very close to the discount chains operated, on a limited basis by its competitors, and by some of the specialist regional independents.

Experiments carried out during the past two years have shown traditional grocery multiples like International and Fine Fare that they can offer

Under the new policy Tesco have extended the same principles to cover 800 "best-selling" grocery products. Tesco is claiming reductions of between 5 per cent and 15 per cent on 100 items, ranging from tea to per food with a few outstanding cuts of 20 per cent or more.

Miss Daisy Hyams, the director in charge of buying at Tesco, defines "best-selling" as products usually the brand leaders which have both the highest volume and/or the highest value returns.

With this policy, Tesco is moving very close to the discount chains operated, on a limited basis by its competitors, and by some of the specialist regional independents.

Experiments carried out during the past two years have shown traditional grocery multiples like International and Fine Fare that they can offer

superstore prices in corner shop sites by cutting down the choice of goods offered to the home and similarly pruning staff and handling costs.

International and Fine Fare have chosen to run their discount operations under different trading names from their traditional stores. International uses Pricecrite while Fine Fare (the pioneer as far as the multiples are concerned) has chosen under the Shopless Paradise name.

In each case, while all the reports are that such discount trading is profitable, it has been operated in comparatively few, carefully selected stores with the chains being cautiously extended by one shop at a time. There is no precedent for its application, overnight, to a chain of over 700 outlets.

By adopting discounting, Tesco are clearly attempting to break the narrowness of pricing rights which, without trading stamps, would ensure a steady level of repeat business) they risk losing a substantial proportion of their business instantly evaporate if they get stuck about twice a week. The risks increase if they also fall back on the range of goods stocked and customers are forced to visit other grocers (where they can readily compare prices) to top up their shopping baskets.

At the same time, the potential rewards are great. Against an overall decline in volume food sales, down by nearly 7 per cent in the first four months of 1977, discounts have been shown an interesting alternative to a wide range of multiples and the independents.

Their share of grocery turnover in the last year has gone up from 8.1 per cent to nearly 11 per cent.

The reasoning behind Tesco's decision to react to competition from the discounters can be seen about the way the company's board of directors, consisting of executives with the result that their meetings tend to be limited to discussions of short-term problems, neglecting less visible trends in national economies, market demand and changes in technology and in consumer behaviour.

Most studies outline the functions of directors as primarily to question the company's long-term goals; to help formulate the policies to achieve them; to ensure that resources are available—including key management; and to monitor progress towards these goals.

While boards are primarily concerned with making a sufficient return on present capital in order to attract more capital if and when it is required, modern directors recognize that

Patricia Tisdall

LETTERS TO THE EDITOR

Whitehall plans for further public spending cuts would be 'unacceptable'

From Mr Geoffrey Drain

Sir, I was concerned to read David Blake's report (July 2) of a Whitehall document on expenditure plans for the next five years which predicted a reduction of 2 per cent in real terms from 1979 onwards. If these plans are approved, the implications are very serious and represent a damaging blow to the trade union movement.

The NEDO "improved industrial performance" scenario puts gross domestic product growth in 1979 at 3.1 per cent. A cut to 2 per cent would mean a severe drop in the proportion of national income going to the public sector—and this, of course, does not include the "eroding" effect of cash limits.

The depressing effect of

prices, the public spending projections outlined in the February White Paper (Cmd 6993) show that public spending would have risen by over 10 per cent in 1978-79. However, the new plans of only 2 per cent growth are executed, this represents a further cut of at least £2,500m. The scale of such a cutback would be completely unacceptable to the trade union movement.

The NEDO "improved industrial performance" scenario puts gross domestic product growth in 1979 at 3.1 per cent. A cut to 2 per cent would mean a severe drop in the proportion of national income going to the public sector—and this, of course, does not include the "eroding" effect of cash limits.

The depressing effect of

public spending cuts on the economy as a whole has already been all too apparent—not least in the construction industry. Deliberate long-term plans for cuts in growth to 2 per cent would weaken havoc in capital spending plans and would add massively to unemployment. In view of the Government's publicly expressed wish to keep unemployment down and the Treasury's view that healthier economic times are coming, it seems that the plans reported by David Blake contradict government policy.

Yours faithfully,
GEOFFREY DRAIN,
General Secretary,
National and Local Government Officers' Association,
1 Mableton Place,
London WC1H 9AJ.

Small firms and the role of directors

From Mr Clifford Jackson

Sir, In his reply in June to my letter of May 31, Mr Hutchinson, speaking for the Institute of Directors, favours allowing small companies to fail as a result of market forces. This is scarcely patriotic.

Companies with less than 5,000 employees produce 49 per cent of gross national product and provide employment for 55 per cent of all engaged in manufacturing.

Ought we to allow some of these to fail, and the employment to pass to foreign competitors, for the sake of a few million pounds of profit?

He also seems to square the functions of directors with those of executive management. This is, in my experience, the cause of the failure of many companies whose boards consist only of executives with the result that their meetings tend to be limited to discussions of short-term problems, neglecting less visible trends in national economies, market demand and changes in technology and in consumer behaviour.

Most studies outline the functions of directors as primarily to question the company's long-term goals; to help formulate the policies to achieve them; to ensure that resources are available—including key management; and to monitor progress towards these goals.

While boards are primarily concerned with making a sufficient return on present capital in order to attract more capital if and when it is required, modern directors recognize that

their policies and the executive action which follows must win the active agreement and cooperation of all employees, of customers, of suppliers, of neighbours, and of the general public.

What sort of person can best fulfil this function? What knowledge, what intellectual, and what personal skills are required?

How can we as a nation find people of the requisite calibre to be the sons of the father—trained admirals, managers, trade union officials, shop floor workers, even members of the general public?

One suggestion is that the Institute of Directors or the Confederation of British Industry, should outline a "job description" of a director, specify the qualities of a director, and award a qualification which could be withdrawn for incompetence.

Companies could then choose from among a cadre of qualified directors the few who best suited their industry and outlook.

A leavening of directors with wider perspectives, coupled with more widespread employee participation by employee councils and perhaps by value-added incentive schemes would, I believe, guarantee the performance of many a company.

Yours faithfully,
CLIFFORD JACKSON,
20 Queen Street,
London W1X 7PL,
July 1.

reported by the minister for 1975 and 1976 but they are just the tip of the iceberg. Postwar expansion of the public sector and inflation means that a huge, latent liability is building up—a blank cheque drawn on the nation's account in favour of less than 30 per cent of the working population which will ultimately have to be disclosed to and noted on by the remaining 70 per cent.

The Select Committee have apparently asked for and obtained further independent estimates of such costs. The figures so far in no doubt as to the facts, but the latest report has not yet been published. It seems an appropriate moment to do so and high time that regular information was given as to the level of pension entitlements that are secretly building up under the present iniquitous system.

Yours,
ANTHONY FURSE,
Nerquis,
Mold,
Clwyd CH7 4EB,
June 23.

By a Special Correspondent

High in the bleak hills of the north-east Pennines a new chapter is being written on the story of the long and vital role played by the North-east in Britain's exploitation of mineral wealth.

In the early 1970s, when investment in fluorospar mining began to grow momentum, a small, long-shaded, crescent-shaped valley on the upper valleys of the rivers Tees and Wear was described as a Klondike.

The story has been one of gradual expansion ever since. It is a quiet Klondike, but one which is already winning a 25 per cent stake in fluorospar production in the United Kingdom.

Pinnop, used mainly in the steel industry, has been mined in the area since the turn of the century.

Two companies are now heavily involved in the area, which sprawls across the high watershed at the point where England's three most northerly counties adjoin.

Both British Steel and Swiss Aluminium Mining have four mines sited in production or in the process of preparation. The story has been one of gradual expansion ever since.

In all the operations provide jobs for 200 men. Coupled with a planned 200 jobs by Swiss Aluminium, mineral extraction is playing a disproportionately important role in a sparsely populated area.

All metallurgical grade fluorospar (necessary) is used in British Steel's own furnace. The mineral produces greater efficiency in molten metal, giving improved production and lower costs.

But other important uses include the chemical industry—mainly specialty KCl and a stake

Investment in the agricultural industry

From Mr John Bolton

Sir, This government and its successor must decide how best to deploy the substantial financial resources flowing, for a relatively few years, from North Sea oil. So far, there appears to have been a tendency to favour investment in the modernisation of our exporting industries.

One of the main purposes of our export effort is to pay for that food which we are presently unable to produce ourselves. Surely, then, it would make good sense for us to invest as much as we reasonably can in the improvement and re-equipment of our agricultural industry. In addition to the problems involved in increasing and diversifying production, we will need to anticipate the drastic changes likely to occur in this industry (which relies so heavily on oil for its energy, its fertilisers and insecticides) and when the United Kingdom is once again back in the market place bidding for increasingly expensive and rapidly-depleting fuel supplies.

At the present level of EEC food prices there must be a very large number of agricultural producers which would make good financial sense if adequate capital could be made available at low interest rates and repayable over, say, 20 years. Obviously, if the nation's oil revenue is to be less at very low interest rates it will be necessary to ensure expert appraisal of proposals submitted and subsequent monitoring of the projects.

Apart from the advantages flowing from a progressively reduced dependence on imported food, the national funds lent to agriculture will, on repayment by the borrowers, become available for re-use.

In parallel with the "grass roots" investments there will need to be two other major efforts. First, the infrastructure of our farms—buildings, electricity, gas and water (including irrigation water), transport network—must be brought up to levels fully commensurate with the foreseen increase in demands and the foreseen changes in circumstances.

If there is any merit in the above assessment, there is no time to be lost in setting up the relevant financial, supervisory, educational and other instruments. But such a nationally important programme could not be embarked upon with any confidence unless the political parties had agreed openly beforehand on the ends to be achieved and the resources to be allocated.

Yours faithfully,
JOHN BOLTON,
50 Ness Mayo,
Devon PL8 1EE.

Index-linked state pensions

From Mr A. Furse

Sir, You report (June 22) that the ministry has once again given a financial favour to one section of the nation (including themselves) at the expense of the rest, by extending for one more year the vast and as yet unquantified privilege of an indexed pension to the public sector.

The House of Commons Select Committee on Expenditure have been told by an independent actuary that the actual cost of such pensions would be 35 per cent of salary if the annual rates of inflation, interest and pension increase were each 8 per cent. As we know they have been and remain well over this level, and if based on a forward projection of recent figures, a true financial cost of 60 per cent of salary seems perfectly possible—even if it may be too low.

The present annual total pension increases, based as they are on salaries earned over the period 1956-1976 may not be higher than the £100m-£120m

John Bremner

Guide for redundant managers

Few of life's problems are likely to cause a manager more difficulty than redundancy, particularly if it happens in middle age. The reaction is all too often one of depression or panic, or both.

These responses are frequently prompted not simply by the loss of a job, but also by bewilderment as to the best way to set about seeking suitable alternative employment. One of the most useful surveys to assist this problem has come in the last week from the British Institute of Management with the publication of their *Guidelines for the Redundant Manager*.

The 20-page booklet outlines the legal position on redundancy pay and unemployment benefits.

It also gives a 17-point guide to job hunting. Apart from all the obvious things such as the revision of the CV, the booklet gives advice on how to respond to job advertisements and so on, it makes some suggestions for slightly less obvious approaches.

For example, it notes that newly appointed senior managers often recruit new staff, and it may therefore be worthwhile approaching a potential employer after a less announced top-level change.

It also suggests that a structured curriculum vitae may give the impression that the candidate has been seeking a job a long time, and that it may be beneficial to adjust the curriculum vitae so as to highlight different aspects of the candidate's experience according to the type of job and company to which the application is being made.

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Mr. Shinbei Konishi, President, Takeda Chemical Industries, Ltd.

Takeda Chemical Industries, Ltd.

武田薬品工業株式会社

Report by Mr. Shinbei Konishi, President, for the financial year ended 31st March, 1977

The Japanese economy recovered slowly during the year under review supported by a favourable level of exports. However, consumer spending and private capital investments remained low and general economic conditions continued to be stagnant partly as a result of the delay of Government measures to counter the recession.

In all sectors of our business, domestic demand and exports generally increased during the period, although competition was keen, market conditions continued to be adverse and the general business climate was unfavourable. However, we continued our efforts to increase sales of pharmaceuticals and other products and to introduce new products to the market and, as a result, total sales for the year amounted to ¥303.6 billion, 10% above the record of last year. Net earnings were ¥7.4 billion, a slight increase over the previous year despite an increase in personnel and other expenses.

In the pharmaceuticals division, there was a fairly large increase in sales, supported by increased demands for antibiotics, enzyme preparations and bulk products for export, as well as by the introduction of new products to the market.

On the other hand, we regret that our sales of food products decreased. Sales of beverages suffered because of unfavourable summer weather and because of strong competition, and demand for seasonings did not increase as expected. Nittake Foods Co., Ltd., which was established as a joint venture with Nippon Suisan Kaisha Ltd. for entry into the retort pouch food field, was dissolved as of the end of March this year in view of unfavourable market conditions, and because of production and distribution difficulties. We will re-examine this line of business in the future.

Sales of our industrial chemicals increased despite a delay in market recovery and operations returned approximately to the previous level.

We saw a considerable recovery in sales of agricultural chemicals as a result of stock adjustments in the market.

since last year and introduction of the new herbicides, "Abrosan®" and "Wider®".

Sales of animal health products also steadily increased, due to the growth of sales of new products such as "Paravincin®", a feed additive.

With the general increase in overseas demand and our further efforts toward development of overseas markets, our total exports increased by nearly 40% over last year. Business of overseas subsidiaries also improved.

The Company made no significant investment in plant during the year. However, the construction of plant for research into drug safety and fermentation and the Fukuoka Distribution Center were completed during the year. In addition, a number of construction projects for strengthening and rationalizing pharmaceutical production proceeded smoothly.

In regard to use of capital, as in the previous year, we made every effort to decrease capital expenditures and improve our working capital situation through the reduction of debtors and stocks. As a result, we were able satisfactorily to improve our financial condition, including cash flow.

Finally, we wish to report to you the current position of the issue we are facing in respect of the SMON litigation. As you know, the Tokyo District Court made a definite proposal for settlement this year. On 15th March, the Government stated that they will participate in discussions for an amicable settlement. We are now making sincere efforts to solve this issue by amicable settlement.

The above report summarizes our business activities during the year. The business climate in which the industry operates is expected to be more severe in the future. We will do our utmost to reinforce the foundation of the Company, as well as that of our subsidiaries, in this era of low economic growth through the development of new products and the strengthening of overseas operations.

We sincerely wish that we shall be favoured with your continued understanding and assistance.

武田薬品工業株式会社

Bid si on 1

Business

BY THE FINANCIAL EDITOR

Bid sights set on Decca?

It is no secret that most of the leading electrical companies — GEC, EMI, Racal to name three — would be interested in buying Decca. Equally it is known that Sir Edward Lewis, Decca's chairman and founder, has not in the past been willing to countenance ideas of a takeover, nor indeed he forthcoming about plans for his successor despite the fact he is now 77.

Mr Lewis is able to brush off intruders since with his family and associates he dominates the company's holdings of the strategic voting rights. Sir Edward is also being interested in 10 per cent of the voting capital, presumably in a contest he could count support from other large holders behind him, including the large holding in Switzerland and formerly owned by his early collaborator, Mr M. A. Engelen, who died at the end of 1975.

However, even though Decca looks formidable, an intriguing thought now is the rounds in the industry is that Sir Edward may be prepared to change his mind. Certainly there is more than usual evidence, too, of a strategic stake having been built up in the voting shares. So far, the thinking goes something like this: a new investment in the City and the City's rebuff for non-voting shares.

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and by no less than 4 per cent in the first quarter this year when the pressure on real living standards became especially severe. Processed foods, in particular, have been feeling the squeeze.

Mr Sainsbury's forecast was that food price inflation this year would be nearer 15 per cent than last year's 23 per cent and that in a year's time it could be nearer 10 per cent. That is not far from a forecast by stockbrokers James Capel.

The firm assumes a devaluation of up to 7 per cent in the Green Pound's value from next April (implying increases of 12 per cent for commodity prices under the Common Agricultural Policy next year following an expected 16 per cent rise this year) and a steady decline in sterling to around \$1.50 by the end of 1978.

Weighing also the likely changes in non-CAP commodities—about 30 per cent of the total—extra manufacturing and distribution costs and the effective ending of subsidies, Capel agrees that 15 per cent inflation is likely this year, followed by 13 per cent next.

In broad terms, then, food prices should at least be rising no faster than the general rate of inflation and possibly even slightly less, allowing for some stabilization in food consumption.

Important though volume clearly is in the longer term for food retailers, however, it seems likely that their profitability in the near term will depend more on rising net profit margins. Allowing even for a further decline in volume this year it is clear that value sales are rising faster than costs and, notwithstanding the present mini price war, stockbrokers L. Messel expect 25 per cent sector profit growth this year.

By the same token, however, volume growth will be essential if momentum is to be maintained once food prices are no longer rising faster than inflation.

Eurodollar loans

A borrower's market

There has been no time since the collapse of Herstatt Bank in mid-1974, when circumstances have been more favourable for borrowers to turn to the Eurodollar market for credits.

With domestic industrial demand for funds in the developed world still running at dismal levels, banks' international departments are finding themselves under heavy pressure to achieve growth, with the result that there is increasingly bitter competition for mandates to raise loans and a progressive contraction of interest rate margins to the benefit of borrowers.

Up until recently, some of the biggest banks, led by Citibank, fought a valiant action to prevent "spreads"—the margins banks charge over their own cost of funds in the interbank market—falling under 1 per cent. Below that level, it was said, costs effectively wiped out any profit.

Now, however, 1 per cent is no longer the line of defence and the question is whether a stand can be made at ½ or perhaps even ¼ per cent. If borrowers like Iran and Venezuela can consider raising money at ½ per cent spreads, might not a prime industrial country go even lower?

At present, happily for the banks, no such names are coming forward to test the market's nerve, but the reception being accorded to some multinational corporations, which are probably now getting better terms than their governments, suggests that the ½ per cent level could soon be tested.

Overall, however, the vast liquidity of the market, fuelled by an expected \$3,500m Opec current-account surplus this year, suggests that whatever doubts may yet be aired over developing country loans are academic in the extreme.

In hard practical terms banks are very eager to lend to them and have sent an estimated \$8,000m their way in the first half of this year compared with \$6,500m in the same period last year.

It is true that loan demand has been picking up in the American domestic market, but this has not yet filtered through to the big money centre banks on any scale, and it will certainly be three months—possibly as much as six—before the downward pressure on spreads can be expected to ease.

As the celebrated wit and savant Mr. Joe Haines remarked in a letter to *The Times* last Friday: "If every economist who made a mistake was then to resign his post, none of them would be in work, though a great many more ordinary people might be." An uncharacteristic fit of caution, however, seems to have overtaken the profession in the matter of forecasting the trend of interest rates over the next 12 or even over the next six months.

Grounds for caution are on every hand, for the arguments tending to the conclusion that rates will go up are balanced by strong reasons why they should not. The conventional view would be that, as the world economy crawls out of the longest postwar recession, the demand for money will pick up as well.

The latest gains in the earnings of the American economy are being taken as proof that it is now set on a strong upward path. Certainly the fall in American interest rates has halted, even reversed itself. This view is

strengthened by the consideration that, after the inflationary experiences of recent years, governments will be cautious about the supply of money to meet the rising demand, whether they have explicitly accepted monetarist theories or not.

On narrower influences and without passing any judgment on Mr. Healey's bravely-sustained optimism about the arrival of single-figure inflation, it would be surprising if nominal, medium and long-term interest rates could long stay below the going rate of inflation. Lending and borrowing money at minus interest rates in real terms, even before tax, has already been going on for longer than one would have thought possible. It cannot go on for ever.

Then there is the possible problem of confidence in financial markets, if in the course of the early autumn it became clear that we were in the throes of a full blown pay explosion. The markets in general already seem to have discounted the now certain failure of the government and the

TUC to produce an agreed piece of paper for phase three containing anything other than the most pious generalizations.

But if towards the end of the year it became clear that cash limits were not being held in the public sector and the twelve-month interval between pay settlements was not being generally observed in the private sector, a crisis mentality might once again overtake interest rates.

Finally, as the balance of payments moves into surplus between now and the end of the year, given the present policy of behaving as if we were on a fixed exchange rate, the money supply will be inflated. On the assumption that the government will still be operating within guidelines for monetary aggregates there will be a need to mop up any surplus by selling gilts. Other things being equal, this would be another upward influence on rates.

But most of this argument can readily be stood on its head. The authorities are embarrassed by the

difficulty they have had in stopping the sterling rate from rising. Since the exercise to fund the sterling balances failed to grasp the totality of the problem, substantial flows of hot money are still being attracted here by our high interest rates. It would be positively helpful if those flows were reversed in an orderly fashion.

The interest of the British economy as a whole and the fight against inflation in particular would be well served if short-term rates of interest continued to fall.

It would seem to be an ideal opportunity for the authorities to square this circle by operating actively in the market to shift the yield curve to produce a more marked difference between long and short-term interest rates.

Lower rates at the short end would take the pressure off the exchange rate. Higher interest rates at the longer end would allow them room for whatever funding of government debt is going to be necessary.

Exchange rate policy 1

Why a falling pound solves no problems



Terry Burns (left), director of the Centre for Economic Forecasting, London Business School, contributes the first of three articles on exchange rate policy. During the next 10 days further articles on this topic by Wynne Godley, director of the Department of Applied Economics, Cambridge University, and by Michael Surrey, editor of the National Institute Economic Review, will be published.

This article argues that exchange rate behaviour is the critical link between inflation and monetary policy as well as the mechanism that brings about longer term balance of payments adjustment. It also argues that exchange rate management cannot be used to ensure that this takes place at full employment or to achieve any chosen level of price competitiveness inconsistent with the demands for real wages. If the community is determined to pursue a policy of exchange rate stability it will only be prevented by larger and larger applications of the depreciation drug which is eventually doomed to fail.

The target movement of the exchange rate must therefore be judged primarily in terms of the desired relationship between the United Kingdom and world inflation rates. If we are content to experience a similar inflation rate to the rest of the world we must design fiscal and monetary policy that is appropriate to exchange rate stability. If our target is price stability, then exchange rate appreciation will be necessary in an inflationary world and fiscal and monetary policy needs to be that degree tighter than the average.

This apparently simple choice is complicated by the existence of a short-run trade-off between exchange rate movements and industrial price competitiveness. Depreciating currencies will normally experience a temporary improvement in price competitiveness as long as the depreciation is unanticipated while a country with an appreciating currency will normally suffer some loss of competitiveness. The decision of which policy to pursue must be judged in terms of the perceived advantages of price stability compared to the loss of price advantage that would come from depreciation.

Following our experience of continuous depreciation, the alternative of an appreciating currency and stable prices is attractive and some consider feasible as North Sea oil becomes available. Unfortunately, the economic weakness of the United Kingdom economy means that initially this is over-ambitious. Germany has pursued the strategy and withstood the loss of price advantage but the starting position was one of great industrial strength.

The third case of the United Kingdom would be stabilization of the nominal exchange rate once we are content that the starting point is correct. (This is dealt with below.) This would be achieved by holding the rate and setting a course for fiscal and monetary policy consistent with that in other countries.

The exchange rate is then a barometer of progress and if it begins to decline we have a strong presumption that policies are out of gear with other countries. If it is subsequently found that we can withstand the short-term effect of aiming for price stability or the world finds itself with unacceptably high inflation then we should pursue the second alternative of exchange rate appreciation.

But initially it would be wise to ensure a smooth transition to the first strategy of exchange rate stability as this already marks a distinct break away from the single-minded pursuit of a price advantage whatever the inflationary consequence. Within this framework profitable intervention to smooth any extensive fluctuations or to balance portfolio adjustments is a legitimate activity but longer term exchange rate management is not.

This contrasts with the conventional view that we should use the exchange rate as an instrument to achieve desired levels of competitiveness of exports. There is a strong and a weak version of this strategy. The strong version is that we should devalue by whatever amount is necessary to achieve full employment and balance of payments equilibrium.

The weak version is that even if this is not possible we must offset the tendency for United Kingdom wages per unit of output to exceed those of our competitors. This is the policy of constant competitiveness that is widely discussed although the choice of level of competitiveness is necessarily arbitrary.

Dominating this discussion is the extent and the time period over which it is possible for policymakers to fix the level of competitiveness and by implication the level of real wages and the share of profits in the economy. The danger of this approach is that if wage earners react to reverse this process in subsequent periods then the maintenance of this extra competitiveness will require continuous depreciation and monetary policies that will be inflationary and the problems of rising inflation as the wage spiral chases its own price tail.

This cannot be a feasible long-run strategy because the damage caused by the higher inflation does much to sap the benefit of the competitive edge. This applies particularly to circumstances in which the added competitiveness is perceived by companies to be temporary and where the major investment decisions require some long-term expectation of relative price changes and profitability. The desired improved competitiveness will only be permanent if it is generally accepted in the labour market.

If we do pursue a policy of exchange rate stabilization the next question is to ask if this is the appropriate point at which to begin. During the past six months market pressure has been in the direction of an appreciation of the rate to above £1.72. If this pressure is continually resisted then in another three to six months it is likely to fade away.

This is a painful case of a self-fulfilling prophecy, as prices have reacted to the excessive depreciation of 1975 and wages now stand waiting in the wings for their opportunity once the pay agreement runs out.

During much of 1976 the Government attempted to arrest the slide in sterling. After the IMF measures and the agreement on sterling balances the flow was reversed. Some recovery in the rate was possible but sterling was then kept below a level that only six months earlier was described as without fundamental economic reason. The trap was the inviting spectacle of the impact of the low exchange rate upon competitiveness and the real wage.

The combination of the collapse of the rate and the incomes policy had achieved

valued at \$5m (about £2.9m) last year—from Denmark are being unduly subsidised. It is claimed that the Danes are obtaining export refunds from the Community for ingredients used in their cookies. Worse still, they are allowed to buy butter at reduced prices from EEC stocks, it is said.

A company with the initials ICI (not our own, you will be relieved to know) has been fined 30,000 francs and its managing director sentenced to two years in prison in Marseille.

Jean Soud, director of the Institut Capillaire International, was found guilty of selling, through the company's 20 outlets in France, ordinary Eau de Cologne laced with colouring and grains of corn and passing it off as a hair restorer at a mere 30 francs a litre.

Eventually, one still-bald client, having tried rubbing it on his head for the prescribed six months, told the fraud squad.

Where will the next European stock exchange be opened? Moscow? That seems hardly likely, although one never quite knows what the Russians might be up to. After all, it was something of a surprise to the capitalists of Wall Street the other day to see Oleg Troyanovsky, Soviet ambassador to the United Nations, as well as George Schuler, of the United States-Soviet Union Trade and Economic Council, being given a three-hour tour of the New York Stock Exchange by the exchange's chairman, William Batten.

The first attack in what may develop into the Great Buzzer Cookie War has been launched by the United States against the EEC. As in many previous campaigns, the dispute centres on the common agricultural policy.

The time Denmark is the target of the American offensive.

The United States Treasury has made what it calls a "preliminary determination" that imports of buzzer cookies—

Record first half: dividend up by 50%

Interim report 1977

from R. W. O. Beney, Chairman

- Profits a record... three times last year's results...
- Trading continues satisfactorily. Forecast of £1,400,000 minimum will be well achieved.
- Dividend up 50%, as forecast... final to be increased, also by 50%

| Six months trading results to | 27th March 1977 | 28th March 1976 |
|---|-----------------|-----------------|
| Sales — | £'000s 8,060 | £'000s 5,347 |
| Trading profit — | 887 | 307 |
| Bank and other interest — | (102) | (81) |
| Profit before tax — | 785 | 226 |
| Tax (at 52%) — | (398) | (118) |
| Profit after tax — | 387 | 108 |
| Interim dividend — per share net of tax — | 1.5p | 1.2p |
| Cost — | £133,583 | £39,055 |

Dividend
The dividend will be paid on 12th September 1977 to those shareholders registered on the 15th August 1977.

White Child and Beney Limited, Oldham Street, Denton, Manchester M34 3SR

North-east

Procure's volume sales fell by 2.4 per cent in 1975, by a further 0.2 per cent in 1976

stage, because of difficulty over the works. British Steel then a complete reversal of fortunes was given a part of an uncontracted part of production is now at least two decades and well into the future.

Although still in the hands of the steel industry, the steel industry is now at least two decades and well into the future.

There were grave concerns about the future of the steel industry, but the steel industry is now at least two decades and well into the future.

Mr. John Bolton, who was at one time thought to be in the running for the quarry company's chairman, has been named as the new chairman.

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Business Diary in Europe: Mr Jay's EEC briefing

of the list of British companies which, like Leyland, British Petroleum, Shell and J. Bibby, are members of the 17 competitor countries overall, the top three places being taken by the South Koreans, the Japanese and the West Germans respectively.

The South Koreans, who are hosts to next year's competition, had a team of 28 (twice as big as Britain's) and won 26 awards. In Britain, the team organizers, the Society for the Promotion of Vocational Training and Education (VOITE), received no state help.

The South Koreans are totally state funded and are given six months' intensive training.

Until the beginning of last week it rather looked as if one of the most dynamic, albeit uncomfortable, figures in the West German aerospace industry would shortly retire.

For few insiders were putting any money on the possibility that Ludwig Bölkow would sell

both a gold and a bronze were won.

This time, Britain came eleventh out of the 17 competitor countries overall, the top three places being taken by the South Koreans, the Japanese and the West Germans respectively.

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| | | |
|-------------|-------|-----|
| Walden Bank | 75 | 81 |
| 93 | 73 | 72 |
| Early Mixed | 1978 | 61 |
| Johnny Tal | 75-38 | 72 |
| Rock Corn | 1982 | 185 |
| Simple Bar | 85-90 | 84 |
| Wm. W. S. | 190 | 100 |

Stock Exchange Price

Capitalization and week's change

ACCOUNT DAYS: Dealings Begin, Today. Dealings End, July 22. \$ Contango Day, July 25. Settlement Day, Aug.

§ Forward bargains are permitted on two previous days

(Current market price multiplied by the number of shares in issue for the stock quote)

[illegible]

